

# PAK LAW PUBLICATION

## NEWS

## UPDATES

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## Top Stories

# Election law: ECP seeks wholesale amendments

September 24, 2014

WASIM IQBAL

The Election Commission of Pakistan (ECP) has sought authority from the parliament to determine the veracity of annual statements of assets and liabilities filed by parliamentarians each year along with a three-year imprisonment on filing false or untrue statements. The proposal has been submitted by ECP in a draft of unified election laws 2014 to Election Reforms Committee of the Parliament, along with a number of other amendments in Representation of People Act, 1976.

The commission shall seek assistance of any authority, agency or department in the federation or a province for veracity of annual statement. Proceedings shall be initiated against parliamentarians who submit false statements of assets and liabilities. The member who fails to submit statement of assets and liabilities till 15th of October may be suspended for a period of sixty days as well cease to function for a period of sixty days. The President of Pakistan is compelled to consult the ECP for making an announcement of the date or dates of elections. The current time for completion of election process (60 days) is insufficient and creates multiple problems for ECP, Returning Officers and candidates. It is therefore, suggested that at least a 90-day period should be given for the purpose. Similarly, the dates for the scrutiny of nomination papers should be from seven days to the 15 days.

At the time of senate elections, there has to be a declaration that he, his spouse or any of his dependants or a business concern mainly owned by him is not in default in payment of taxes. The election expenses of a contesting candidate would be Rs 6 million for election to a seat in the National Assembly, Rs 4 million for election to a seat in the provincial assembly and Rs 2 million for a Senate seat.

No polling station shall be located in any premises which belongs to, or is under the direct or indirect control of any candidate, according to ECP. "A person is guilty of illegal practice including takes or attempts to take a photograph of the marked ballot paper by using cell phone camera or any other device to interfere with the secrecy of vote election and election commission staff who is guilty of breach of official duty shall be punishable with imprisonment for six months or fine up to one hundred thousand rupees, or both."

Another recommendation of the commission, "a person shall not be appointed or serve as an office-bearer of a political party if he is not qualified to be, or is disqualified from being elected or chosen as a member of Majlis-e-Shura (Parliament) under Article 63 of the Constitution or under this Act or any other law for time being in force.

"The proceeding of prosecutions of offence by public officers shall be exclusively triable by the Court of Sessions within the jurisdiction of which the offence is committed. "Any person guilty of corrupt practice shall be punished with imprisonment for a term which may extend to three years or with fine which may extend to one hundred thousand rupees or with both.

"The Commission shall file a complaint before a court against persons who entered into agreement meant for restraining women from exercising their right to vote. "The commission shall direct fresh preparation of electoral roll of an electoral area which include changes in the limits of that electoral area or on account of large scale displacement of population due to a natural calamity. Another recommendation states as a principles of delimitation, variation in population of constituencies of the same Assembly "shall" not ordinarily exceed ten per cent subject to a maximum of fifteen per cent.

The voter "shall" not be transferred from one constituency to another constituency within ninety days of the polling day for general election. "A person shall not be qualified to be elected or chosen as a member of Majlis-e-Shoora (Parliament) or a Provincial Assembly unless he is, in the case of the Senate, not less than thirty years of age and is enrolled as a voter in any area in a Province, Federal Capital or the Federally Administered Tribal Areas, from where he seeks membership.

"The Election tribunal shall proceed with the trial of the election petition on a day-to-day basis and the decision shall be taken within six months from its receipt. The Judge of a High Court to be appointed as Tribunal, no judicial work other than the election petitions shall be entrusted to him till the final disposal of the election petitions."

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## **Verification of resignations: speaker issues October 23 deadline to PTI MNAs**

September 24, 2014

NAVEED BUTT

National Assembly Speaker Sardar Ayaz Sadiq has given a deadline of October 13 to parliamentarians of Pakistan Tehreek-e-Insaf (PTI) for verification of their resignation. Talking to media persons here on Tuesday, the speaker said three PTI Members of National Assembly (MNAs) have been summoned on Thursday, while three more have been directed to appear on Friday for verification of the resignations and remaining members were given October 13 as final deadline.

He said the whole process of resignation of PTI MNAs would be completed on October 15. Answering to a question, Ayaz Sadiq said: "Jamaat-e-Islami Ameer Sirajul Haq has asked me to delay the matter regarding resignations of PTI parliamentarians; however I made it clear to him (Sirajul Haq) that I cannot further delay the process because I have already given due concession." He said the verification of each resignation parliamentarian would be carried out as per rules.

The NA Speaker said that the Jirga should talk with the PTI till Thursday to settle the matter otherwise the process would be started. He said that five PTI members of National Assembly (MNAs) in their resignations addressed party Chairman Imran Khan instead of him. These members included Mujahid Ali, Colonel Ameerullah Marwat (retired), Saleemur Rehman, Junaid Akbar and Qaiser Jamal. He said the PTI members (MNAs) of parliament have been informed that their resignations were not acceptable.

Shah Mehmood Qureshi, Asad Umar and Ali Muhammad Khan were summoned on September 25 (Thursday) at 11:00am and Dr Arif Alvi, Shireen Mazari and Maulana Hassan on September 26 (Friday) in the speaker chamber for verification of their resignations. Answering to another question, the Speaker said it seems the relationship between the PTI chief and Minister for Interior Affairs Chaudhry Nisar Ali has been deteriorated. He said he will discuss the issue of resignations with all parliamentary parties. He appealed Imran Khan to attend National Assembly sessions, as that their demands could be met in the assembly.

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## **Altaf for 'technocrat government'**

September 24, 2014

Muttahida Qaumi Movement (MQM) Chief Altaf Hussain has called for the setting up of a 'technocratic government' in the country for a period of two years. The MQM chief expressed his concern over the present political crisis during a meeting with Punjab Governor Chaudhry Mohammad Sarwar in London on Monday. The statement comes amid rumours that differences have developed between the Sharif brothers and Sarwar over governance issues and that the governor is planning to resign. Sarwar however has denied such rumours.

Altaf also emphasised on what he believes as the need to divide the province of Sindh into several administrative units. He had earlier suggested that new provinces should be created in all existing provinces of the country, including Sindh. Altaf said there must be someone to play the role of a "mediator" between the government and the protesters in Islamabad, adding that Governor Sarwar could fit into that role.

Meanwhile, Governor Sarwar said all politicians should demonstrate resilience, adding that the country could not afford the prime minister's resignation "in a time of a national crisis". Moreover, Sarwar said all political parties have unanimously agreed on the idea of electoral reforms. He reminded the protesting groups that the government was even ready to set up a Judicial Commission to investigate rigging allegations in relation to last year's election.

The governor requested both PTI Chairman Imran Khan and PAT Chief Dr Tahirul Qadri to reconsider the option of dialogue with the government in order to resolve the crisis. The meeting between Governor Punjab and Altaf Hussain was held at the MQM secretariat in London on Monday. Both the leaders discussed current political situation in the country during the meeting.

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## Voters' thumb impression verification: Supreme Court directs Registrar Office to club all matters/petitions

September 24, 2014

A three-judge bench of the Supreme Court on Tuesday directed Registrar Office to club all matters related to voters thumb impression verification, observing that election rigging and verification of voters by National Database and Registration Authority (Nadra) has become an issue of national importance.

Resuming the hearing of a case relating to irregularities in NA-202, a three-judge bench headed by Justice Mian Saqib Nisar emphasised immediate need for legislation to authorise the Nadra for verification of voters thumb impression. He said that amendment to the Representation of People's Act 1976 by the Parliament will authorise the Nadra to address the issue of voters thumb verification.

During the course of proceedings, Justice Saqib Nisar issued directives to Registrar Office to club all the cases related to election rigging and verification of voters thumb impressions. A member of the bench, Justice Azmat Saeed Sheikh, remarked that present situation could have been avoided if the government would have implemented the apex court decision over elections reforms in letter and spirit.

Justice Sheikh revealed that verification of thumb impression of the voters could be possible through forensic tests if there was any hurdle in carrying out the task through mechanical process. On Tuesday, Akram Sheikh, counsel for Ibrahim Jatoi, candidate of NA-202 who won election in the constituency, apprised the bench that election tribunal had directed re-polling in 21 stations on the plea of another candidate Aftab Shaban Mirani plea, following which his client was declared unsuccessful against a loss of 233 votes.

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## Power consumers billed for 45 days instead of 30 days

September 24, 2014

MUSHTAQ GHUMMAN

Distribution Companies (Discos) have reportedly billed consumers for 45 days instead of 30 days to show an improvement in their recovery which is the main reason behind over-billing, well informed sources told *Business Recorder*. "Discos charged consumers for 45 days instead of one month due to which rates of slabs changed," the sources added.

Discos have failed to improve recovery from private sector which has not reached Rs 400 billion - the main concern for the government. Federal Cabinet in its meeting on September 22, 2014 took strong exception to over-billing across Pakistan except the territory falling under the K-Electric and directed the Ministry of Water and Power to immediately hire three firms to conduct a forensic audit of bills.

Later on Prime Minister's Special Assistance on Energy, Dr Musadak Malik, said in a press conference that the bills of consumers who use up to 200 units in one month will be readjusted. He, however, ignored those consumers who use more than 200 units and are equally fleeced by the Discos in connivance, sources added. Some officials claim that the amount of over-billing is about Rs 52 billion whereas according to the Chairman PTI, the amount was Rs 70 billion.

Secretary Water and Power, Nargis Sethgi recently acknowledged before the federal cabinet that because of paucity of staff, meter reading of every household was not possible, thereby acknowledging that consumers are being overcharged. She also revealed that only 50 percent of meters are being read on a monthly basis, adding that bills are calculated on a trend basis. Sethi also confirmed that inflated electricity billing is because of elimination of slabs as there has been no change in the electricity tariff for the last one year.

Ministry of Water and Power came under harsh criticism for over-billing leading to the federal cabinet, including the Prime Minister Nawaz Sharif, expressing anger at the relevant Ministers, Secretary and other officials. Minister for Water and Power, Khawaja Asif who faced severe criticism in the cabinet meeting reportedly left the cabinet meeting room after accusing 'some ministers' of interfering in the affairs of his Ministry. Khawaja Asif did not name any minister but consensus was that he was accusing Finance Minister Ishaq Dar of interfering in his ministry through not only agreeing to a set of politically challenging conditions with the International Monetary Fund (IMF) but also in his position as chairman of the committee on energy.

Some of the officials in the Ministry of Water and Power were heard saying that they had never been so roundly insulted as they were during the cabinet meeting on the issue of over-billing. Ministry of Water and Power officials, however, told this correspondent on condition of anonymity that since the appointments of Managing Director and Discos' Chief Executives are being made by the Prime Minister he should be held responsible for the poor performance and that he should take action against those he appointed instead of criticising the Ministry.

Power sector analysts argue that reasons for over-billing given by the Prime Minister's Special Assistant Musadak Malik are not relevant and "an audit of over-billing will be an eyewash as it would not include consumers using more than 300 units and Federal Board of Revenue (FBR) will not pay back the amount charged as taxes from the consumers."

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## Power tariff: Supreme Court hints at summoning AGP

September 24, 2014

KHUDAYAR MOHLA

The Supreme Court on Tuesday hinted at summoning the Attorney General for Pakistan after examining global indicators relating to electricity tariff. Resuming the hearing on unprecedented loadshedding case, a three-judge bench led by Justice Jawwad S Khawaja observed that India has granted a subsidy in power sector despite pressure of international institutions.

During a brief hearing of a case on loadshedding, Justice Dost Mohammad Khan expressed concern over the existing fuel adjustment formula. Justice Dost Mohammad said that oil stock in the country has nothing to do with a rise in international oil price, saying the government raises prices whenever the commodity's prices are raised in international market. Later, the hearing of matter was adjourned for ten days.

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## Public sector jobs: decision militates against economic objectives

September 24, 2014

ZAHEER ABBASI

The government's decision to lift ban on recruitment in public sector organisations is purely a political decision, sources told *Business Recorder*. Sources described this decision as politically-motivated one and in conflict with the Vision 2025 recently launched by the Prime Minister that envisages, among other things reforming civil service and federal government organisations.

Sources further said the PML-N manifesto as well as the agreement with the International Monetary Fund (IMF) under the Extended Fund Facility commits the incumbent government to privatisation because it maintains that several public sector organisations are causing a substantial loss to the exchequer on account of overstaffing and inefficiencies.

Ministry of Planning Development and Reforms in the Vision 2025 stated that cash-bleeding public sector enterprises which have been incurring annual losses of over Rs 400 billion will be restructured/ privatised. According to Planning Ministry, huge PSE losses as well as serious issues in service delivery are hampering economic growth in the country. Pakistan Vision 2025 envisages converting public sector loss-making units into profit-making entities through a combination of restructuring, partial and outright privatisation. An efficient, globally competitive private sector is envisioned for realisation of Pakistan Vision 2025.

Lifting the recruitment ban also is at odds with the austerity drive of the government designed to minimise expenditure. The government has budgeted Rs 174 billion for the salary of civil servants in budget for the current fiscal year, which is 17 percent higher than Rs 148 billion allocated for 2013-14. Any increase in the salary bill on account of recruitment would lead to escalation of fiscal deficit and the government may be unable to achieve its projected 4.9 per cent fiscal deficit target. However, the exact increase in the salary bill can only be ascertained after the number of recruited people by the government is ascertained.

Most of the state-owned enterprises (SOEs) such as Pakistan International Airlines (PIA), Pakistan Railways and Pakistan Steel Mills (PSM) are running up huge losses due to overstaffing and have been regularly seeking from government annual bailout packages to continue operations.

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## **US, Arab allies strike IS jihadists in Syria**

September 24, 2014

The United States and its Arab allies unleashed deadly bomb and missile strikes on jihadists in Syria on Tuesday, opening a new front in the battle against the Islamic State group. Dozens of IS and al Qaeda militants were reported killed in the raids, which Washington said had partly targeted extremists plotting an "imminent attack" against the West.

Bahrain, Jordan, Qatar, Saudi Arabia and the United Arab Emirates joined the operation, which involved fighter jets, bombers, drones and Tomahawk missiles fired from US warships. President Barack Obama, who had already launched strikes against IS militants in neighbouring Iraq, said "the strength of this coalition makes it clear to the world that this is not America's fight alone. "It must be clear to anyone who would plot against America and try to do Americans harm that we will not tolerate safe havens for terrorists who threaten our people," he added.

The Pentagon described the strikes as "very successful". It said they hit targets including IS positions, training compounds, command centres and armed vehicles in the jihadist stronghold of Raqa and near the border with Iraq. The raids marked a turning point in the war against IS, which has seized swathes of Syria and Iraq and declared an Islamic "caliphate".

The fact that the five Arab nations joining the strikes are Sunni-ruled will also be of crucial symbolic importance in the fight against the Sunni extremists of IS. NATO member Turkey, another Sunni nation and a neighbour of Syria, has so far remained on the sidelines, but US Secretary of State John Kerry said Ankara had pledged to join the coalition.

"Turkey is very much part of this coalition, and Turkey will be very engaged on the frontlines of this effort," Kerry said after meeting Turkish officials in New York. Speaking on national television, Turkish President Recep Tayyip Erdogan said Ankara's contribution would consist of "all kinds of support including military and political".

Washington had been reluctant to intervene in Syria's civil war, but was jolted into action as the jihadists captured more territory and committed atrocities including the beheadings of three

Western hostages. The United States said it had not requested Syria's permission for the strikes or given advance notice "at a military level".

Even so, President Bashar al-Assad said Damascus supported any international effort "to fight against terrorism". The United Nations says about 191,000 people have been killed since an uprising against Assad erupted in 2011, escalating into a brutal civil war that brought jihadists streaming into Syria. An anti-regime activist in Raqa, Abu Yusef, said IS had redeployed its fighters in response.

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## **British, Iranian leaders to discuss IS at first talks since 1979**

September 24, 2014

British Prime Minister David Cameron will hold talks on Wednesday with Iran's President Hassan Rouhani over unrest in Iraq and Syria, officials said, announcing the first meeting between the countries' leaders since the 1979 Islamic Revolution. The talks will occur on the sidelines of a UN General Assembly in New York.

They come as Western powers seek to build support for the fight against the Islamic State (IS) jihadist group, which holds swathes of territory in Iraq and Syria and which has beheaded two US journalists and a British aid worker. The United States and Arab allies launched the first air and sea strikes against IS militants in Syria on Tuesday, expanding action against the jihadists the US has been leading in Iraq since the start of August.

Although the United States excluded its longtime enemy Iran from the coalition it has built against IS, US Secretary of State John Kerry said on Friday that Iran still had a role to play in tackling the jihadists. Iran, which usually rails against any US presence in the Middle East, has been unusually accepting of the US action in Iraq, where it is also tackling IS militants. Rouhani has criticised the US for not sending in ground troops, and on Monday said the people in the region were "defending themselves... against the terrorists" and that Iran would help.

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## **WTO cuts world trade growth forecasts for 2014 and 2015**

September 24, 2014

Global goods trade will grow less than hoped this year and next, and factors including regional conflicts and the Ebola outbreak are putting a quick return to stronger growth at risk, the World Trade Organisation said on Tuesday. Trade in goods will grow by 3.1 percent this year, much

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less than the 4.6 percent the WTO forecast in April. It cited "weaker-than expected GDP growth and muted import demand in the first half," according to a statement.

Trade was likely to grow 4.0 percent in 2015 rather than the 5.3 percent expected previously, still far below the 20-year average of 5.2 percent and "risks abound in the form of geopolitical tensions, regional conflict and health crises (Ebola)". WTO economists had previously seen conditions for stronger trade returning after a two-year slump, but instead it stagnated in early 2014 as import demand fell in developing countries and harsh US weather and a Japanese sales tax rise also weighed.

The possibility of worse tensions over Ukraine, a deepening Middle East conflict and increased panic caused by West Africa's Ebola outbreak have all clouded the forecast, the WTO said. Imports into South and Central America are expected to fall by 0.7 percent this year as economies are hit by a combination of civil conflict, weak non-fuel commodity prices and the easing of growth in Asian export markets, the WTO said.

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## **Demutualisation directives: SECP empowered to relax time for compliance**

September 24, 2014

SOHAIL SARFRAZ

The Securities and Exchange Commission of Pakistan (SECP) is legally empowered to relax the time period to comply with the directions issued to the stock exchanges for entering into agreement with strategic investor on the sale of bourses' shares under demutualisation law.

Sources told *Business Recorder* here on Tuesday that the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 confers the SECP with powers to relax the time period for compliance with the said directions on an application by the stock exchange, with the reasons for not being able to comply with the law.

As per requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (the "Act"), the stock exchanges were successfully corporatised and demutualised on August 27, 2012. Accordingly, 60% of the shares allotted to each initial shareholder were deposited in a Central Depository Company (CDC) blocked account, to be disposed of in accordance with the manner provided in section 12 of the Act. Section 12 of the Act requires the SECP to issue directions to the stock exchanges and their respective shareholders for divestment of 60% shares to strategic investor, general public and local financial institutions.

The SECP on August 26, 2014 issued the requisite directions instructing the three stock exchanges and their respective shareholders within one year from the date of the directive enter into agreement with strategic investor for the sale of not more than forty percent of total issued share capital out of the shares held in the blocked account; within 180 days of the date of the directive sell to the general public through an offer for sale not less than 20% of total issued



share capital out of the shares held in the blocked account; and to enter into agreements with and sell to local financial institutions any shares remaining in the blocked account after sale of shares to the strategic investor and general public within one year from the date of the directive.

While the stock exchanges have been actively engaged in the process of divestment, the Act also confers the SECP with the powers to relax the time period for compliance with the said directions upon an application by the stock exchange giving reasons for not being able to comply with the same, sources added.

Under section 12 (divestment and issue of further shares) of the Act, the Commission may at any time not later than two years from the date of demutualization direct the stock exchange and its shareholders to do one or more of the following namely:

- (a) To enter into an agreement with a strategic investor, within one year of such direction for the sale of not more than forty percent of its total issued share capital out of the shares lying in the blocked account.
- (b) To sell to the general public through an offer for sale, not less than twenty percent of its total issued share capital out of the shares lying in the blocked account within one hundred and eighty days of the direction in accordance with applicable laws.
- (c) To enter into agreements with and to sell local financial institutions any shares remaining in the blocked account after sale of shares to the strategic investor and the general public, within one year of the direction. Provided that the Commission may extend the period for compliance upon an application by the stock exchange setting out the reasons for not being able to comply with the said order within the specified time.

A stock exchange may by special resolution issue further shares carrying extra voting rights to a strategic investor with the prior written approval of the Commission. In case if no agreement for the sale of shares of the stock exchange is reached with any strategic investor within one year of the direction given by the Commission or within such time as may be extended by the Commission, the Commission may open the sealed envelop containing the valuation of the shares.

Upon opening the sealed envelop, the Commission may take such steps or give such directions may be necessary for achieving the sale of shares including but not limited to:

- (a) Ordering the sale of shares to a strategic investor who had earlier made an offer to purchase the shares, if the price offered by such strategic investor was equal to or more than the valuation of the shares contained in the sealed envelop; or
- (b) Ordering a fresh auction of the shares and selling to the highest bidding strategic investor or financial institutions such number of shares and in such manner as the Commission may specify; or
- (c) Ordering a revaluation of the stock exchange at the cost of the stock exchange and in such manner as the Commission may specify.

Notwithstanding anything contained in sub-sections (1) to (4), if a stock exchange fails to

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comply with any or all of the directions given to the stock exchange under sub-section (1), the Commission may determine and conclude the matters listed in sub-section (1) in such manner as may be prescribed and any such determination by the Commission shall be final and binding on the stock exchange, its shareholders including the initial shareholders and the CDC.

Refusal by any initial shareholder to accept an agreement duly entered in accordance with the provisions of section 12, or failure by any person to comply with any directions given by the Commission or the wilful failure of the committee to sell the shares if the offer price received for such shares is equal to or more than the approved valuation, shall be an offence, it added.

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## **Biggest in eight years: government seeks \$815 million in OGDC share sale**

September 24, 2014

Government is seeking to raise about \$815 million with the sale of shares in Oil & Gas Development Co Ltd (OGDC), the largest offering from a local company in almost eight years. The government is offering 323 million ordinary shares and global depository shares (GDS), each representing 10 ordinary shares, according to a term sheet seen by Reuters on Tuesday. The GDSs will trade in London.

The deal is part of an initiative announced earlier this year to privatise 68 companies, including 10 banks, and raise \$5 billion in the next two years, officials have previously said. Pakistan raised \$387 million from a share sale in United Bank Ltd in June and another \$146 million from a sell-down in Pakistan Petroleum Ltd the same month.

Upcoming deals include an up to \$1.2 billion offering in Pakistan's largest lender HBL Bank, Thomson Reuters publication IFR reported in June, citing comments from Mohammad Zubair, the country's minister of state for privatisation. OGDC's sell-down would be the biggest offering from a Pakistan-based company since the government sold \$913.6 million worth of GDSs in the oil exploration company in London in late 2006, Thomson Reuters data showed.

**SHARE PERFORMANCE** OGDC shares are down 6.5 percent so far in 2014, compared with a 21 percent slump in the benchmark 100-share index of the Karachi Stock Exchange. The OGDC deal represents 7.5 percent of the company's share capital and will increase its free float company to 22.5 percent, the term sheet showed. Pricing for the offering is slated for October 16, with trading of the GDSs in London set for October 21.

Bank of America Merrill Lynch, Citigroup, and Pakistani broker KASB Securities are handling the share sale. Pakistan plans to sell dozens of public companies to help stabilise a \$225 billion economy crippled by power shortages, corruption and militant violence. Anti-government protests that have gripped Islamabad since mid-August are also threatening economic reforms that the government promised in return for a bailout from the International Monetary Fund, officials have said.



## **TAPI gas pipeline: top US firms drop out of race**

September 24, 2014

Top US energy companies - Chevron and ExxonMobil - have dropped out of the race to become a consortium leader in financing the Turkmenistan, Afghanistan, Pakistan and India (TAPI) gas pipeline following dismissal of their demand for an equity stake in the project, a report in the local media said on Tuesday. The two companies were seeking shareholding in the field from where Turkmenistan would supply gas to energy-starved Pakistan, Afghanistan and India in response to their commitment to providing funds for laying the gas pipeline, officials say.

However, Turkmenistan turned down the request, forcing the companies out of the competition to become the team leader. Turkmenistan desires to award offshore gas extraction contracts to Chevron and ExxonMobil, but for that it needs to change the rules.

According to the officials, seeing an empty field, now Total of France and Malaysia's Petronas have entered the fray and are expressing interest in gas exploration in Turkmenistan without seeking any stake. "The government of Turkmenistan is negotiating with Total and Petronas a services agreement which is expected to be finalised in two months. The two firms could work as the consortium leaders," an official said.

"After receiving reports from Turkmenistan, Pakistan will again engage into talks with the central Asian state." The Afghan government says it does not require the entire committed volume of gas and only needs a part of it. The remaining quantity will be shared by Pakistan and India. "For the pipeline, a route survey will be undertaken. Its engineering design is also yet to be prepared," the official said. Under the TAPI project, which is expected to cost over \$10 billion, Pakistan will get 1.365 billion cubic feet of gas per day (bcfd) from Turkmenistan, India will also receive the same 1.365 bcf and Afghanistan will get 0.5 bcf. Turkmenistan will export natural gas through a 1,800km pipeline that will reach India after passing through Afghanistan and Pakistan.

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## **Reko Diq project: current status of litigation reviewed**

September 24, 2014

Federal Minister for Finance, Senator Muhammad Ishaq Dar here on Tuesday chaired a meeting of the Laws Review Committee to review different draft laws as well as the current status of international litigation regarding the Reko Diq project against the government of

Balochistan as well as the federal government. Different aspects of arbitration came under discussion during the meeting.

The participants of the meeting expressed the view that once litigation concludes, the project will contribute massively to the economic uplift of Balochistan, especially in creating large number of job opportunities. The meeting agreed to make all-out efforts for a speedy settlement of the arbitration issues. The matters relating to promulgation of an ordinance relating to GIDC and other legislations in pipeline were also discussed.

The meeting was attended by Federal Minister for Petroleum and Natural Resources, Shahid Khaqan Abbasi, Federal Minister for Science and Technology, Zahid Hamid, Special Assistant to Prime Minister, Khwaja Zaheer Ahmed, Attorney General of Pakistan, Salman Aslam Butt and Nadeem Hassan Asif, Secretary Establishment.

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## **Prime Minister leaves for UNGA session**

September 24, 2014

Prime Minister Nawaz Sharif left here on Tuesday for New York to attend the 69th session of United Nations General Assembly. The Prime Minister will address the session and will also meet the heads of states and governments attending the event. He is accompanied by his Advisor on National Security and Foreign Affairs Sartaj Aziz and Special Assistant on Foreign Affairs Tariq Fatemi. According to a spokesman of the PM Office, the Prime Minister's entourage comprises 18 members including his security and personal staff.

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## **Suicide attack kills four in Peshawar: Brigadier narrowly escapes attack**

September 24, 2014

A car bomb suicide attack by the Taliban that targeted a senior military officer rocked city of Peshawar Tuesday, killing at least four people and wounding 24, officials said. Broken glass and human remains littered the scene of the explosion near the city's main railway station, where one SUV was blown to pieces while the wreck of another smouldered.

"It was a vehicle-borne suicide attack which killed three people including an FC (Frontier Corps) soldier," senior local police official Najib-ur-Rehman told AFP, adding the two others were civilians including a woman. A senior security official later told AFP a fourth person had died. Fourteen injured people were being treated at the city's Lady Reading Hospital and 10 at the Combined Military Hospital, officials said.

Senior police official Faisal Shahzad said the target of the bombing appeared to be Brigadier Khalid Javed, the second most senior officer in the FC force, who escaped unhurt. The Pakistani Taliban faction led by Maulanah Fazlullah claimed responsibility for the attack, vowing revenge against the ruling Pakistan Muslim League Nawaz (PML-N) for a military operation. Speaking to AFP by telephone, the group's spokesman Shahidullah Shahid said: "We claim responsibility for the Peshawar attack on Tuesday. We have no loss from operation Zarb-e-Azab," referring to the military strikes. "We are still as active as the past and will show the mirror to the PML-N as we showed the ANP (Awami National Party)."

Muhammad Rizwan, a government employee who was passing on a motorbike when the blast occurred, told AFP from his hospital bed it was an deafening explosion. "I fell from my motorbike after the blast and regained consciousness in the hospital," said Rizwan, who sustained head and shoulder injuries. In the Boya area of North Waziristan Tuesday a roadside improvised explosive device went off as an army vehicle passed by, killing one soldier and wounding two others, a security official said.

**Our reporter from Peshawar adds:** KP Minister for Information Mushtaq Ahmad Ghani confirmed the killing of three persons. The bodies and injured were rushed to Lady Reading Hospital (LRH). Sources said the explosion occurred when a bomb planted in a car was exploded when the convoy of Frontier Corps was passing through a busy Sher Shahsuri Road in the cantonment area.

As a result, FC personnel Zarin Khan Afridi, resident of Bara Khyber Agency, civilian Muhammad Tahir resident of Nowshera and Saba Gul resident of Kotal Mohsin Khan Peshawar died on the spot. The injured were shifted to Lady Reading and CMH hospitals. AIG Bomb Disposal Squad Shafqat Malik said 45 kilograms of explosives were used in the blast. He said explosive also contain mortar shells to increase the impact of the blast. Member Provincial Assembly, Shaukat Yousufzai also visited Lady Reading Hospital and inquired about the health of injured victims. Meanwhile, the KP Governor Sardar Mehtab Ahmed Khan strongly condemned attack and expressed profound grief and sorrow over the loss of precious lives. Prime Minister Nawaz Sharif, PPP chairman Bilawal Bhutto Zardari, KP Chief Minister Pervez Khattak and ANP Chief Asfandyar Wali Khan also condemned this terror incident in Peshawar.

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## Karzai slams US, Pakistan in farewell speech

September 24, 2014

Outgoing Afghan President Hamid Karzai on Tuesday blamed the United States for his country's long war, a final swipe at the country that helped bring him to power 13 years ago but towards which he has become increasingly bitter. His farewell speech came days ahead of the planned swearing in of a new president, Ashraf Ghani, after months of potentially violent crisis over a disputed election that ended in a power-sharing deal, yet to be tested, with rival Abdullah Abdullah.

Karzai blamed both the United States and neighbouring Pakistan for the continuing war with the Taliban-led insurgency and warned the new government to be "be extra cautious in relations with

the US and the West". "One of the reasons was that the Americans did not want peace because they had their own agenda and objectives," Karzai said. He did not elaborate, but in the past has suggested continued violence has been an excuse for the United States to keep bases in the country.

He also accused Pakistani power players of trying to control Afghanistan's foreign policy. "Today, I tell you again that the war in Afghanistan is not our war, but imposed on us and we are the victims," Karzai said. "No peace will arrive unless the U.S. or Pakistan want it."

He said he had travelled to Pakistan, where much of the Taliban's leadership is believed to be based, at least 20 times seeking a negotiated end to the war, but his efforts were thwarted. Neither the US nor the Pakistani embassies in Kabul had immediate comment on Karzai's speech.

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## **Former EOBI chief arrested**

September 24, 2014

The Federal Investigation Agency (FIA) on Tuesday apprehended former Chairman Employees Old-Age Benefit Institution (EOBI) after the Supreme Court rejected his protective bail application on Tuesday. Former Chairman EOBI, Zafar Iqbal Gondal, implicated in a mega scam worth Rs 42 billion, had urged the Supreme Court to direct the FIA not to harass and arrest him.

Rejecting the protective bail plea, a three-judge bench of Justice Mian Saqib Nisar asked Azam Nazir Tarrar, the counsel for Gondal, to approach the concerned High Court for relief. After rejection of his plea, Zafar Iqbal Gondal tried his level best to delay and even forestall his arrest as he remained in the court premises for three hours saying his counsel had approached the Islamabad High Court for bail.

Talking to media, Gondal said that if his counsel failed to get remedy from the Islamabad High Court then he would be ready to give himself in the custody of FIA. However, FIA officials apprehended him. Khalid Anees, deputy director FIA, told the Supreme Court reporters that earlier Gondal had taken protection bail from Lahore High Court Multan Bench, adding that the High Court had granted him a protective bail for a month with the directives to accused to seek bails from all the concerned courts wherein cases were pending against him.

The FIA official said that instead of seeking relief from the concerned court in the light of Lahore High Court Multan Bench orders, Gondal filed a protective bail application in the Supreme Court. Anees further said that the FIA had submitted a report on September 7 before the Supreme Court, saying Gondal was involved in the EOBI scam worth Rs 42 billion.

Giving details of cases against Gondal, the FIA deputy director said two cases against him were currently pending in Karachi; seven in Lahore and six in Rawalpindi-Islamabad. Anees said the FIA has arrested Arif Azad, Muhammad Iqbal, Wamic Anwar, Waheed Khurshid, Najam Saeed and Khurshid Qamar in the current matter.

## UN summit urges ambitious climate deal

September 24, 2014

World leaders on Tuesday urged ambitious action to combat climate change and promised to make greater efforts, but a tough road lay ahead with a year to go for an accord. At a UN summit held after tens of thousands rallied around the world, France promised \$1 billion to the Green Climate Fund - making it the only contributor other than Germany to the new institution that would help the worst-hit countries.

But UN Secretary-General Ban Ki-moon called the meeting more to build momentum than to reach concrete achievements. It was the first such event since the Copenhagen summit on climate change ended in disarray in 2009 and aims to set the tone for a conference next year in Paris designed to seal a new global agreement.

French President Francois Hollande said the Paris conference should deliver a "global and ambitious" deal and warned that climate change posed a "threat to world peace and security." US President Barack Obama, addressing the summit hours after ordering strikes on Syria, said that the "urgent and growing threat of climate change" would ultimately "define the contours of this century more dramatically than any other" issue.

"We know what we have to do to avoid irreparable harm. We have to cut carbon pollution in our own countries to prevent the worst effects of climate change," Obama said. Obama called for an "ambitious" but also "flexible" agreement - a nod to political difficulties he would face if he needed the US Congress to ratify a treaty. Developing nations have balked at signing on to a binding accord without firm US commitments, noting that wealthy countries bear historic responsibility for climate change.

Obama said he met in New York with Chinese Vice Zhang Gaoli - President Xi Jinping was notably absent - and told him that the world's two largest economies "have a special responsibility to lead" on climate change. Zhang said that China, which has surpassed the United States as the world's top carbon polluter, wanted its emissions to peak as soon as possible. He was not more specific but senior official Xie Zhenhua told reporters that China was making good on reductions in its carbon intensity and would announce early next year a prediction of when its emissions would peak. Activist group ActionAid criticised the summit for offering just "vague promises" on climate change despite the unprecedented international demonstrations on Sunday that urged immediate action.

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## THE RUPEE: rising trend persists

September 24, 2014

An upward trend prevailed on the money market on Tuesday in the process of trading, dealers said. The rupee maintained its rising trend versus the dollar, picking up four-paisa for buying and selling at Rs 102.72 Rs 102.74 respectively, they said.

**INTERBANK MARKET RATES: OPEN MARKET RATES:** The rupee also gained 25-paisa in terms of the greenback for buying and selling at Rs 102.30 and Rs 102.55 respectively, while it sustained its value in relation to the euro for buying and selling at Rs 131.75 and Rs 132.00, they said.

In the second Asian trade, the dollar hovered just below a four-year peak against a basket of major currencies on Tuesday as the euro steadied near a 14-month trough with sellers taking a bit of a breather. The dollar index last traded at 84.671, having peaked at 84.861 on Monday, a high not seen since July 2010.

The dollar was available at Rs 60.89 in terms of the Indian rupee, the greenback was at 3.2460 versus the Malaysian ringgit and the US currency was at 6.1404 against the Chinese yuan. Inter bank buy-sell rates for the taka against the dollar on Tuesday: 77.40-77.40 (previous 77.40-77.40). Call Money Rates: 06.40-08.25 percent (Previous 06.40-08.25 percent).

=====  
 Open Bid   Rs 102.30  
 Open Offer   Rs.102.55  
 =====

**Interbank Closing Rates:** Interbank Closing Rates For Dollar on Tuesday.

=====  
 Bid Rate    Rs.102.72  
 Offer Rate   Rs.102.74  
 =====

**RUPEE IN LAHORE:** The Pak rupee maintained upward move for another day and gained five-paisa in relation to the greenback on the local currency market on Tuesday.

According to the currency dealers, the dollar commenced trading at its day earlier closing of Rs 102.65 and Rs 102.90 as its buying and selling rates, respectively. In the absence of buyers' interest, the dollar could not sustain and was further slide down to Rs 102.60 and Rs 102.85 on buying and selling counter, respectively, the dealers said.

On the contrary, the rupee remained weak and was declined against the pound sterling. The pound's buying and selling rates were further improved from Monday closing of Rs 167.50 and Rs 167.75 to Rs 167.55 and Rs 167.80, respectively, they added.

**RUPEE IN ISLAMABAD AND RAWALPINDI:** The rupee remained firm against the dollar on the open currency markets of Islamabad and Rawalpindi here on Tuesday.

The dollar opened at Rs 101 (buying) and Rs 101.10 (selling) against same overnight rate. It did not observe further change in the second session and closed at Rs 101 (buying) and Rs 101.10 (selling) against. Pound Sterling opened at Rs 168 (buying) and Rs 168.10 (selling) against same overnight value.



It did not observe further change in the evening session and closed at Rs 168 (buying) and Rs 168.10 (selling).

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## **No gas for CNG, industrial sectors in winter: Abbasi**

September 24, 2014

ABDUL RASHEED AZAD

Federal Minister for Petroleum and Natural Resources Shahid Khaqan Abbasi has said that there will be no gas supply for industrial and Compressed Natural Gas (CNG) stations in the upcoming winter due to gas shortage and high demand by the domestic sector.

He said that the government would give top priority to domestic users in the winter and like in the past year this time around too CNG and industrial sectors would have no gas for at least three months, adding that in case Liquefied Natural Gas (LNG) terminal at port Qasim being constructed by Elengy Terminal Pakistan Limited was becoming operational in January 2015, the government would be in a position to supply some quantity of gas to industrial sector.

He said that as per contract with Elengy Terminal Pakistan Limited, the terminal would be completed by end March, but owing to serious gas shortage the government had urged the company to complete the terminal as early as possible, hence the ministry was hopeful that the terminal would be ready by the end December 2014 and the first LNG supply would come in January 2015.

The minister said that the government had also decided to construct a LNG terminal at Gwadar port with a capacity to handle up to one billion cubic feet per day LNG (BCFD) and to transport this gas to upstream country a 700 kilometers long gas pipeline would be built up to Nawabshah. He said Japan, Russia and China had shown a great interest in the building of LNG terminal at Gwadar port. If sanctions against Iran were being lifted any time in future, the gas pipeline from Gwadar would be extended by 70 kilometers to link it with Iran for transporting gas under Iran Pakistan gas pipeline project, the minister maintained.

Abbasi said that the government of Pakistan was committed to completing the Iran- Pakistan (IP) gas pipeline, but only hurdle was US sanctions against Iran, adding that once sanctions against Iran were lifted Pakistan would immediately start the construction of the pipeline.

The minister said that the President of Pakistan would issue an ordinance for the collection of Gas Infrastructure Development Cess (GIDC) which was suspended by the Islamabad High Court and Peshawar High Court and the government had filed a review petition in the Supreme Court (SC) of Pakistan against the decisions of high courts.

He added that the government had also decided to table a bill in the parliament on the issue of the GIDC, which would be used to build gas infrastructure especially LNG, LPG, IP and TAPI

gas pipelines projects. The minister said that from 2011 to date the government had collected Rs 80 billion on account of the GIDC and about Rs 25 billion were outstanding against different gas users.

He said that the government had allowed CNG sector to import LNG for replacing local gas which would be proved a game changer as it would save \$2.5 billion per annum in oil imports and ensure employment to about one million people. Abbasi said gas utilities - Sui Northern Gas Pipelines Limited and Sui Southern Gas Company - would provide infrastructure for transporting 500 million cubic feet of LNG per day (mmcf) to CNG filling stations. Gas supply to CNG stations would be for seven days a week and CNG would be 30% to 35% cheaper than petrol," he said, stressing Pakistan had a wide infrastructure network in place for CNG pumps and provision of LNG would lead to consumption of clean energy. The minister stated that the prices of the petroleum products were likely to reduce from October 1, 2014.

According to petroleum officials, the price of petrol is likely to decrease by Rs 0.70 per litre whereas the rate of high octane blending component may be slashed by Rs 1.80 per litre. The price of high speed diesel may be decreased by Rs 0.87 per litre and the rate of kerosene is likely to go down by Rs 0.45 per litre. Light diesel price is likely to reduce by Rs 0.77 per litre, sources said.

Talking about Unaccounted for Gas (UfG) losses the minister said that currently it stands at around 10 per cent, eating up to 400 mmcf of natural gas and on this account the country suffers an estimated Rs 25 billion loss per year. The minister made it clear that LNG price would depend on market forces, ruling out any role for the Oil and Gas Regulatory Authority (Ogra) in that regard. However, he said, it would be 30% to 35% cheaper than petrol and the government would give tax relief to make it affordable for the consumers. It will take 18 months to induct LNG into the CNG industry.

He said that the government has made it clear for those industrialists producing power by using industrial gas from now onward they will have to use separate meters for industrial and power production purposes. The government has imposed Rs 200 per MMBtu as Gas Infrastructure Development Cess (GIDC) on Captive Power Plants installed at different industrial units. The government will increase gas prices for all the sectors of economy excluding domestic consumers. The minister said that all the Chief Executive Officers (CEOs) will be appointed by the Board of Directors of the company and the government will not interfere in this process.

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## **July-August services deficit narrows down by 31 percent**

September 24, 2014

RIZWAN BHATTI

The country's services trade deficit fell sharply by 31 percent to \$409 million during first two months of current fiscal year (FY15) mainly due to higher exports. Economists said the country's



services sector trade performance is very encouraging in the initial months of current fiscal year as services trade deficit, which remained on increase during the last fiscal year, posted a massive decline.

"Pakistan has received some inflows under Coalition Support Fund (CSF) from the US, of which services exports witnessed a healthy growth, resulting in lower trade deficit. Some \$370 million had arrived as CSF instalment in August this year," they added. Economists said the payment of CSF tranche has supported the services trade sector to post a lower deficit. In addition, a sharp decline in the services sector deficit will also help curtail the rising current account, which posted a \$1.37 billion deficit, up by 136 percent, in July-August FY15.

According to the State Bank of Pakistan, services trade deficit declined to \$409 million in initial two months of FY15 compared to \$597 million in corresponding period of last fiscal year, depicting a decrease of 31 percent or \$188 million. A detailed analysis revealed that during the period under review services exports remained up and crossed \$1 billion mark. With an increase of 61 percent or \$396 million, services sector exports reached \$1.041 billion in July-August FY15 against \$645 million in the corresponding period of FY14.

Services sector imports also grew by 17 percent or \$208 million. With current rise, overall services imports reached \$1.45 billion in the first two month of FY15 compared to \$1.242 billion in the corresponding period of last fiscal year. The country earned \$239 million on account of transportation services, \$46 million from travel, \$132 million from telecommunication, \$6 million from construction, \$4 million through insurance and pension services, \$6 million from financial and some \$464 million on account of government services during first two months of FY15.

Transportation payments stood at \$787 million, travel \$213 million, telecommunication \$57 million, construction \$2 million, insurance \$42 million, financial sector \$29 million, government services \$107 million and charges for use of intellectual property rights stood at \$17 million during the period under review. Month-on-month basis, during August, services trade posted a \$42 million deficit with \$695 million exports and \$737 million imports. During the last fiscal year (FY14), services trade deficit posted a notable increase of 68 percent or \$1.073 billion to \$2.637 billion compared to \$1.564 billion in FY13.

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## **JCSC meeting hails progress in Zarb-e-Azb**

September 24, 2014

The Joint Chiefs of Staff Committee (JCSC) Meeting on Tuesday appreciated the strides against the menace of terrorism and the progress made in operation Zarb-e-Azb therein. Chairman Joint Chiefs of Staff Committee (CJCSC) General Rashad Mahmood presided over the meeting which was held here at the Joint Staff Headquarters.

The satisfaction over the standard of preparedness of armed forces to take on upcoming challenges being faced by the country was also expressed in unequivocal terms during the meeting which was attended by Chief of Army Staff General Raheel Sharif, Chief of Naval Staff

Admiral Mohammad Asif Sandila, Chief of Air Staff Air Chief Marshal Tahir Rafique Butt, Secretary Defence and senior military officers from the three services.

The participants also appreciated the relief and rescue operations carried out by armed forces in the length and breadth of the country during the recent floods. According to ISPR, JCSC is a quarterly meeting of senior military leadership to carry out the assessment and evaluation of operational preparedness of all three services especially in the context of jointness within the armed forces. At the end the meeting reaffirmed the resolve of armed forces to eradicate terrorism from across the country as per comprehensive security strategy.

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## Zardari describes Imran as 'politically immature' person

September 24, 2014

Former President and Pakistan People's Party Co-chairman Asif Ali Zardari said that PTI Chairman "Imran Khan is politically immature person". In an exclusive interview with a private television channel, Zardari said that Imran talked about the role of returning officers in the last general elections, but he later tendered an apology before the Supreme Court.

He said there is a threat to economy, not democracy, due to sit-ins being staged by Pakistan Tehreek-e-Insaf and Pakistan Awami Tehreek (PAT) in Islamabad. To a question, the former president said that whatever Nawaz did in the Memo scandal it was his act. "And now what we are doing is our act," he maintained. He said he himself went to meet Nawaz following the sit-ins in Islamabad. "It is our responsibility to protect democracy," he explained. Zardari said that MQM chief Altaf Hussain "knows well how to launch a new product in politics. Altaf Bhai keeps changing his mood.

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## NA-149 by-poll: Hashmi files nomination paper

September 24, 2014

Makhdoom Javed Hashmi, who is contesting as an independent candidate filed his nomination paper from NA-149 on Tuesday. He reached at election office along with a large number of workers of PML-N. Similarly, Rana Faraz Ahmed Noon Chief of Saraikistan Democratic Party, Malik Muhammad Aamer Dogar of PPP, Sheikh Tariq Rashid of PML-N, Tariq Naeem-ullah Khan, Shahid Mehmood Khan Ex-MPA also filed their candidatures as independent candidates.

So, it is clear that neither PML-N nor PPP granted ticket to its candidate to contest by-election from NA-149 against Makhdoom Javed Hashmi who is contesting as an independent candidate. However, PPP has allotted its ticket to a dummy candidate Dr Javed Siddiqui instead of a potential candidate Malik Aamer Dogar. Now he is contesting as an independent candidate with the clandestine support of PTI's Makhdoom Shah Mehmood Qureshi. More than a dozen independent candidates are flexing their muscles to contest the by-poll.

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## Sartaj, Sushma may meet on sidelines of UNGA

September 24, 2014

Advisor to the Prime Minister on National Security and Foreign Affairs Sartaj Aziz and Indian External Affairs Minister Sushma Swaraj are expected to meet at two multilateral fora on the sidelines of the UN General Assembly this week. Swaraj, who will arrive in New York tomorrow, will participate in the Commonwealth Foreign Ministers meeting and the SAARC Foreign Ministers meeting on September 25.

"There is a meeting of SAARC Foreign Ministers which is scheduled and I am sure our External Affairs Minister will meet" Aziz in the meeting, India's Ambassador to the UN Asoke Mukerji told media in response to a question about the possibility of a meeting between them. Mukerji said the "second opportunity" for the two leaders to meet would be the Commonwealth Foreign Ministers meeting.

"India and Pakistan are both members of the Commonwealth. So the two Ministers will be meeting in that format as well," he said. Pakistan's Prime Minister Nawaz Sharif will be in New York to address the General Assembly but a meeting between him and his Indian counterpart Narendra Modi is unlikely.

Swaraj had last met Aziz on September 12 at the Shanghai Co-operation Organisation Summit in Dushanbe where the two had exchanged pleasantries during a break at the summit. India and Pakistan have been involved in a war of words after New Delhi cancelled a Foreign Secretary-level meeting last month after Pakistan's envoy in India met Kashmiri separatists ahead of the talks.

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## Alibaba's Jack Ma is now China's richest person

September 24, 2014

The largest stock offer in history has made Jack Ma, founder of e-commerce giant Alibaba, China's richest person with a fortune of \$25 billion, an annual wealth ranking for the country showed Tuesday. Ma, who had to persuade friends to give him \$60,000 to start Alibaba just 15 years ago after being rejected by US venture capitalists, now leads a company valued at more than \$200 billion after listing on the New York Stock Exchange Friday.

"It has been an amazing year for China's best tycoons despite the jitters about the Chinese economy," said China-based luxury magazine publisher Hurun Report in its annual rich list. Ma reaped more than \$800 million from selling shares through the initial public offering in Alibaba,

based on company filings, with the value of his remaining stake of 7.8 percent surging to more than \$17 billion by Monday.

Last year the estimated wealth of the former English teacher turned Internet entrepreneur was just over \$4.0 billion, which did not even place him in the top 20, according to the 2013 survey. Ma's parents were poorly educated and his father depended on a monthly retirement allowance of just \$40 to support the family, according to Chinese state media.

Alibaba's listing raised a total of \$25 billion. Only one other of Alibaba's 18 co-founders made the rich list this year, according to the Hurun Report. He is Simon Xie, now vice president of Alibaba's China investment, with \$1.6 billion. Ma pushed property tycoon Wang Jianlin, whose Wanda company bought US cinema chain AMC Entertainment, into second place from first last year with a fortune of \$24.2 billion. The bursting of China's real estate bubble chased most developers out of the top 10, Hurun Report said. A new face, Li Hejun of renewable energy firm Hanergy, tied for third place with \$20.8 billion, alongside beverage magnate Zong Qinghou of Wahaha.

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## **Ukraine crisis: EU warns Russia not to use gas as weapon**

September 24, 2014

The European Union warned energy giant Russia on Tuesday not to use gas supplies as a weapon in its stand-off with Ukraine over the fate of its neighbour's separatist east. EU Energy Commissioner Guenther Oettinger said he hoped to reach an "interim solution" with Russia over its three-month-long supply cut to Ukraine when the three sides meet for crunch talks in Berlin on Friday.

Russia halted all gas sales to the ex-Soviet nation in June after Ukraine balked at paying a higher price imposed by Moscow in the wake of the February ouster in Kiev of a pro-Kremlin president. Ukraine still transports volumes of gas intended for Russia's other European clients. But EU nations fear that Kiev may be forced to tap into those flows once the winter heating season begins.

"The gas sector and the energy sector as a whole should not be a political tool," Oettinger told a forum in Kiev devoted to European energy security. "It should not be a weapon in these difficult times, in the crisis between Ukraine and Russia and between Europe and Russia." Russia supplies Europe with about a third of its gas through a handful of Soviet-era pipelines and the new Nord Stream link that runs under the Baltic Sea and connects directly with Germany.

Ukraine currently transports half of the Russian gas used in European nations. But countries such as Italy receive all their Russian supplies through the Ukrainian link. Oettinger said he hoped to reach a temporary solution to Russia's gas dispute with Ukraine when the sides meet in Germany. "We are checking again to come to a pragmatic solution, an interim solution, a compromise with our Russian contracting partners." But he hinted that EU nations may be forced

to expand their current list of sanctions against Russia to include its gas sector if no quick fix is found. "We want to avoid the worst case scenario," said Oettinger.

"It was our and my position to avoid sanctions into... any gas industries. It is our clear preference to come to an interim solution and to get enough gas from Russia." The European Union banned the sale of advanced equipment to Russia's oil companies last month. But it stopped short of following the US lead and taking the same step against Russia's state-held gas giant Gazprom out of fears this may prompt a retaliatory gas cut. Ukraine has accused Russia of "economic aggression" and lodged a \$6.0-billion (4.7-billion-euro) suit with a Stockholm arbitration court after Gazprom hiked its gas price to \$485.50 per 1,000 cubic metres from the \$268.50 it charged the ousted pro-Kremlin administration.

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## **Osama son-in-law sentenced to life in US prison**

September 24, 2014

Osama bin Laden's son-in-law and former al Qaeda spokesman was jailed for life on Tuesday after a US judge warned he remained a deadly threat to American citizens. Kuwaiti national Sulaiman Abu Ghaith, 48, was handed the sentence after being convicted by a federal court in New York in March of plotting to kill Americans and providing material support to terrorists.

Before the sentencing, Abu Ghaith - who had applauded the September 11, 2001 attacks in propaganda videos after the strikes - spoke in Arabic through a translator to say the only judgement he would accept was that of God. "Today when you are shackling my hands, and intend to bury me alive, you are unleashing the hands of hundreds of Muslims and they will join the rally of free men," he said, dressed in a dark prison outfit. Judge Lewis Kaplan said Abu Ghaith failed to show remorse for the September 11 attacks which left nearly 3,000 people dead, and told the courtroom he remained a menace.

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## **Iran says ties with Saudis deserve to be warmer**

September 24, 2014

The relationship between Iran and Saudi Arabia deserves to be better, though differences between the two oil-producing Middle Eastern states appear to be narrowing, Iranian President Hassan Rouhani said on Tuesday. "Our relationship with Saudi Arabia ... deserves to be warmer," Rouhani told a group of senior editors in New York ahead of the annual gathering of world leaders at the UN General Assembly. "Saudi Arabia's positions are getting closer and

closer to us."

He added that if the two nations' differences are truly narrowing, "relations with Saudi Arabia will grow closer." Iran and Saudi Arabia are enmeshed in a struggle for influence across the Middle East and have supported opposing sides in wars and political disputes in Iraq, Syria, Lebanon, Bahrain and Yemen.

Rouhani reacted cautiously to the US-led airstrikes on Islamic State militants in Syria. He neither condemned nor endorsed the military action by the United States and Arab allies. "The bombardment must have a certain framework that is needed to take place in a third country."

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## **South Africa says no Russian nuclear reactor deal, yet**

September 24, 2014

South Africa's government on Tuesday said it had not yet awarded Russia a deal worth as much as \$50 billion to develop eight nuclear reactors, saying the countries had merely signed a co-operation agreement. Russia's atomic energy agency on Monday announced that it had won a lucrative contract to develop nuclear power in South Africa, prompting allegations that President Jacob Zuma's government had dodged procurement rules.

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## **Mid-cap stocks rally**

September 24, 2014

The Karachi share market Tuesday witnessed a bullish trend led by select stocks across-the-board and the benchmark KSE-100 index closed above 30,000 psychological barrier. With higher trading activity, the KSE-100 index gained 150 points to reach 30,144 points compared to 29,994 points in the previous session.

Commenting on the market situation, Samar Iqbal EVP Equity at Topline Securities said renewed interest was seen as the government announced that OGDC shares will be sold next month. "Mid-cap stocks rallied as investors are switching from large cap to mid cap," she added.

Overall, the benchmark KSE-100 index moved up by 0.50 points to close at 30,144 points level, while the value also rose to \$95 million (value Rs 9.56 billion), she added. NML announced better than expected June earnings of Rs 15.68 and healthy payout of 40 percent, stock gained 5 percent, she said.

During the intraday trading, the market fluctuated in green and red zones as the index touched



30,200 points highest and 29,957 points lowest level with higher trading activity. Following the positive sentiment, the volume at the ready counter surged by 43 percent compared to previous session and overall, some 164 million shares were traded Tuesday against 150 million shares Monday. The market capitalisation increased by Rs 28 billion to Rs 7.017 trillion up from Rs 6.989 trillion. The trading took place in 424 companies, of which 264 closed in green zone, 139 in the red, while 21 companies remained unchanged.

Analysts at JS said the KSE-100 index gained momentum and NML witnessed euphoric growth to reach its upper circuit following promising earnings of Rs 20.53 per share (in line with estimates) plus a cash dividend of Rs 4 per share. MARI and ATRL attracted the investor interest led the oil and gas sector, reaching their upper circuits. Going forward, we expect the market to remain volatile and recommend investors to remain cautious and invest in fundamentally strong stocks, they added.

Among top 10 volume leaders, eight companies recorded a positive trend. Byco Petroleum emerged volume leader with 8.7 million shares, gaining Re 0.72 to close at Rs 10.69. Pak Int. bulk stood second, up Re 0.80 to close at Rs 22.12 on 5.7 million shares. Jah. Sidd. Co. ranked third with 5.2 million shares, increasing by Re 0.22 to Rs 10.36. With a trading volume of 4.6 million shares, K-Electric lost Re 0.08 to Rs 8.11.

Lotte Chemical surged by Re 0.17 to Rs 7.11 on 4.3 million shares. Some 4.2 million shares of Pak Elektron were traded and the scrip closed at Rs 28.93, down Rs 0.39. Nishat Mills Ltd increased by Rs 4.88 to Rs 118.31 on 3.9 million shares. Pervez Ahmed inched up by Re 0.14 to Rs 3.45 on 3.8 million shares. With 3.3 million shares trading volume, Engro Foods gained Re 4.95 to close at Rs 111.15. Faysal Bank closed at Rs 18.71, up Re 0.27 on 3.3 million shares.

Exide (Pak) and Hinopak Motor were the top gainers with Rs 46.79 and Rs 30.05 to close at Rs 982.68 and Rs 631.24, respectively. Wyeth Pak Ltd and Pak Tobacco were the top losers with Rs 73.33 and Rs 47.50 to close at Rs 4,326.67 and Rs 902.50, respectively. Ahsan Mehanti, an analyst at Arif Habib, said stocks closed bullish led by select stocks across-the-board on strong earnings outlook.

"Strong earnings announced by Nishat Mills, higher urea offtake data in August'14 and higher turnout for IPO Engro Powergen played a catalytic role in bullish activity at KSE," he added. Auto, cement and fertiliser stocks remained in limelight amid rehabilitation in flood affected Punjab. While, rising petroleum exports data moved up by 50pc YoY for July-August '14, which renewed foreign interest in oil stocks impacting the sentiment positively, Mehanti said.

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## **LSE index rises by 12.73 points**

September 24, 2014

Bullish sentiments dominated on the Lahore Stock Exchange on Tuesday and the equities registered gains amid marginally improved trading turnover. The LSE-25 index gained 12.73 points to close at 5457.85 points against 5445.12 points of Monday while transaction volume was increased to 815,800 shares compared with day earlier volume of 569,800 shares.



The market was opened on a healthy note and kept on moving up throughout the day, as investors stayed on buying course and made entries in Mari Petroleum, Hascol Petroleum, Byco Petroleum, Treet Corporation, Millat Tractors, Gul Ahmed Textile Mills, Engro Corporation, Pioneer Cement, NetSol Technologies and Avanceon Limited.

However, profit taking was also seen in Fatima Fertilizer, Fauji Fertilizer, United Bank, Summit Bank, Bank Alfalah, NIB Bank, Lafarge Pakistan Cement, Dewan Cement and Dewan Farooq Motors. The advancing stocks were ahead of the declining ones, as out of a total of 99 active issues, 23 companies posted gains, nine stayed in negative zone while 67 companies were ended at their previous closing. Mari Petroleum gained Rs 20.01, Treet Corporation was improved by Rs 6.65, Millat Tractors was appreciated by Rs 6.25 while Hascol Petroleum and Gul Ahmed Textile Mills were up by Rs 2.50 and Rs 1.24, respectively. In the minus column, Fatima Fertilizer lost Rs 1.1 while Fauji Fertilizer and United Bank were decline by 70-paisa and 66-paisa, respectively. Bank Alfalah was the market leader whose 200,000 shares changed hands followed by Byco Petroleum with 145,000 shares.

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## **ISE index improves by 4.43 points**

September 24, 2014

Bulls dominated the proceedings at the Islamabad Stock Exchange (ISE) on Tuesday, where equities continued to move in upward direction with positive trend at the ISE amid increase in index. ISE Ten Index showed an improvement of 4.43 points as the ISE Ten Index moved from 4,533.87 to 4,538.30 points. The overall turnover amounted to 137,000 shares as compared to previous volume of 9,500 shares.

Total 157 companies participated in buying and selling activity. Majority of stocks (99) closed in positive territory, 58 closed in negative territory, whereas no company remained pegged to its overnight levels. The volume of Silk Bank Ltd was 100,500 shares. The volume of Lotte Chemical was 25,000 shares. The volume of Fauji Cement Company was 5,500 shares.

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## **Business and Economy: *Pakistan***

# **Around \$1.5 million generated through 'Aalishan Pakistan Expo' in India: Muneer**

September 24, 2014

Chief Executive (CE) Trade Development Authority of Pakistan (TDAP) S. M. Muneer on Wednesday informed that the country had generated around \$1.5 million through the Lifestyle Pakistan exhibition, 'Aalishan Pakistan', in New Delhi during September 11 to 14, 2014.

While addressing a press briefing at TDAP head office, he said: "The response from Indian trade community as well as consumers from the very first day was overwhelming and around 500,000 people visited the event during the four days." He said that TDAP held 'Aalishan Pakistan' in India during September 11-14, 2014 at Hall No 18 & 14 of Pragati Maidan, New Delhi. The exhibition was a true showcase of the progressive Pakistan with first-ever collective presence of top Pakistani brands anywhere in the world. The response from trade community was overwhelming and leading Pakistani brands like Gul Ahmed, Alkaram, Orient, ChenOne, Junaid Jamshed, Bonanza and Bareeze participated in the exhibition.

More than 135 exhibitors with 270 stalls showcased their products. The high-end retailer brands including Khaadi, Sana Safinaaz, Kayseria, Sharique Textiles, Lala Textiles, and Needle Impressions also participated. Top of the line Pakistani designers such as Sania Maskatiya, Deepak Perwani, Faiza Samee, Fashion Pakistan Council, Omar Sayeed, Farnaz Mustafa participated in the designer section of the exhibition. Renowned players from other sectors like marble & granite, handicrafts, garments & accessories, jewellery were also there, the CE added.

In order to encourage young artists, an Art Exhibition was held at Lalit Hotel. Art Exhibition was inaugurated by famous Indian artist Padma Vibhushan Shrisatish Gujral. A delegation of high-profile and leading businessmen was also part of this exhibition. A fashion show was organised on September 10. All major brands showcased high-end designs from Pakistan including Kayseria, Faiza Samee, Lala Textiles, Rang Ja, AHAN, FNKASIA, Wardha Saleem, Deepak Perwani, Farnaz Mustafa. Renowned Indian filmmaker and leading writer Mahesh Bhatt also participated in the event. He spoke on women empowerment and bridging divides through cultural exchange.

TDAP also organised a business seminar on September 12 in partnership with Indian Federation of Chamber of Commerce and Industry and Indian Commerce Ministry. The Pakistani FPCCI and Indian FICCI inked an MoU for strengthening the relations between both chambers. The FICCI also organised B2B meetings between Pakistani and Indian Business houses, he added.

S. M. Muneer said: "I am thankful to the Indian authorities for their utmost co-operation provided to us in the 'Aalishan Pakistan'. We are also thankful to Pakistani Commerce Ministry for the maximum support we received." The ongoing political uncertainty in Islamabad has left negative impact in country's exports. He said that politics and trade were two different fields and these should be separated from each other. However, he added, political affairs in our country are

largely affecting the entire trade resulting massive loss to the national exchequer.

"Although the government has set \$35 billion export target for the ongoing fiscal year, against \$24.5 billion of last year, it seemed difficult to achieve the target in wake of the prevailing political uncertainty, energy crisis, and law and order situation," he apprehended.

Muneer said that the total volume of bilateral trade between India and Pakistan is around \$3.0 billion. Out of which worth \$2.5 billion is being imported from India while \$500 million is being exported to the neighbouring country, he added. He said that India has got a huge market, and it offers cost viable and comparatively cheaper goods to buyers because of less production cost in different items. This is the plus point of India to enhance its export volume, he added.

He appreciated Pakistan Army for conducting 'Zarb-e-Azb' operation saying that the brave army soldiers have been fighting with militants in the country with a view to restore peace and ensure security to life and property of the citizens. He also suggested the politicians to find solution of current political unrest in the capital. "Since we are in war, we should sit together to resolve the crisis," he added.

TDAP Secretary Rabiya Javeri on this occasion said: "We are in the process of getting feedback from the exhibitors. However, according to our initial estimates, business of around \$1.5 million was generated during the exhibition and future prospect deals of around \$2.0 to 2.5 million were made during B2B meetings." TDAP officials Athar Hussain Khokhar, Muhammad Farooque, Farzana Abbasi and others were also present.

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## **Public sector jobs: decision militates against economic objectives**

September 24, 2014

ZAHEER ABBASI

The government's decision to lift ban on recruitment in public sector organisations is purely a political decision, sources told *Business Recorder*. Sources described this decision as politically-motivated one and in conflict with the Vision 2025 recently launched by the Prime Minister that envisages, among other things reforming civil service and federal government organisations.

Sources further said the PML-N manifesto as well as the agreement with the International Monetary Fund (IMF) under the Extended Fund Facility commits the incumbent government to privatisation because it maintains that several public sector organisations are causing a substantial loss to the exchequer on account of overstaffing and inefficiencies.

Ministry of Planning Development and Reforms in the Vision 2025 stated that cash-bleeding public sector enterprises which have been incurring annual losses of over Rs 400 billion will be restructured/ privatised. According to Planning Ministry, huge PSE losses as well as serious issues in service delivery are hampering economic growth in the country. Pakistan Vision 2025

envisages converting public sector loss-making units into profit-making entities through a combination of restructuring, partial and outright privatisation. An efficient, globally competitive private sector is envisioned for realisation of Pakistan Vision 2025.

Lifting the recruitment ban also is at odds with the austerity drive of the government designed to minimise expenditure. The government has budgeted Rs 174 billion for the salary of civil servants in budget for the current fiscal year, which is 17 percent higher than Rs 148 billion allocated for 2013-14. Any increase in the salary bill on account of recruitment would lead to escalation of fiscal deficit and the government may be unable to achieve its projected 4.9 per cent fiscal deficit target. However, the exact increase in the salary bill can only be ascertained after the number of recruited people by the government is ascertained.

Most of the state-owned enterprises (SOEs) such as Pakistan International Airlines (PIA), Pakistan Railways and Pakistan Steel Mills (PSM) are running up huge losses due to overstaffing and have been regularly seeking from government annual bailout packages to continue operations.

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## Former EOBI chief arrested

September 24, 2014

The Federal Investigation Agency (FIA) on Tuesday apprehended former Chairman Employees Old-Age Benefit Institution (EOBI) after the Supreme Court rejected his protective bail application on Tuesday. Former Chairman EOBI, Zafar Iqbal Gondal, implicated in a mega scam worth Rs 42 billion, had urged the Supreme Court to direct the FIA not to harass and arrest him.

Rejecting the protective bail plea, a three-judge bench of Justice Mian Saqib Nisar asked Azam Nazir Tarrar, the counsel for Gondal, to approach the concerned High Court for relief. After rejection of his plea, Zafar Iqbal Gondal tried his level best to delay and even forestall his arrest as he remained in the court premises for three hours saying his counsel had approached the Islamabad High Court for bail.

Talking to media, Gondal said that if his counsel failed to get remedy from the Islamabad High Court then he would be ready to give himself in the custody of FIA. However, FIA officials apprehended him. Khalid Anees, deputy director FIA, told the Supreme Court reporters that earlier Gondal had taken protection bail from Lahore High Court Multan Bench, adding that the High Court had granted him a protective bail for a month with the directives to accused to seek bails from all the concerned courts wherein cases were pending against him.

The FIA official said that instead of seeking relief from the concerned court in the light of Lahore High Court Multan Bench orders, Gondal filed a protective bail application in the Supreme Court. Anees further said that the FIA had submitted a report on September 7 before the Supreme Court, saying Gondal was involved in the EOBI scam worth Rs 42 billion.

Giving details of cases against Gondal, the FIA deputy director said two cases against him were currently pending in Karachi; seven in Lahore and six in Rawalpindi-Islamabad. Anees said the

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FIA has arrested Arif Azad, Muhammad Iqbal, Wamic Anwar, Waheed Khurshid, Najam Saeed and Khurshid Qamar in the current matter.

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## **July-August services deficit narrows down by 31 percent**

September 24, 2014

RIZWAN BHATTI

The country's services trade deficit fell sharply by 31 percent to \$409 million during first two months of current fiscal year (FY15) mainly due to higher exports. Economists said the country's services sector trade performance is very encouraging in the initial months of current fiscal year as services trade deficit, which remained on increase during the last fiscal year, posted a massive decline.

"Pakistan has received some inflows under Coalition Support Fund (CSF) from the US, of which services exports witnessed a healthy growth, resulting in lower trade deficit. Some \$370 million had arrived as CSF instalment in August this year," they added. Economists said the payment of CSF tranche has supported the services trade sector to post a lower deficit. In addition, a sharp decline in the services sector deficit will also help curtail the rising current account, which posted a \$1.37 billion deficit, up by 136 percent, in July-August FY15.

According to the State Bank of Pakistan, services trade deficit declined to \$409 million in initial two months of FY15 compared to \$597 million in corresponding period of last fiscal year, depicting a decrease of 31 percent or \$188 million. A detailed analysis revealed that during the period under review services exports remained up and crossed \$1 billion mark. With an increase of 61 percent or \$396 million, services sector exports reached \$1.041 billion in July-August FY15 against \$645 million in the corresponding period of FY14.

Services sector imports also grew by 17 percent or \$208 million. With current rise, overall services imports reached \$1.45 billion in the first two month of FY15 compared to \$1.242 billion in the corresponding period of last fiscal year. The country earned \$239 million on account of transportation services, \$46 million from travel, \$132 million from telecommunication, \$6 million from construction, \$4 million through insurance and pension services, \$6 million from financial and some \$464 million on account of government services during first two months of FY15.

Transportation payments stood at \$787 million, travel \$213 million, telecommunication \$57 million, construction \$2 million, insurance \$42 million, financial sector \$29 million, government services \$107 million and charges for use of intellectual property rights stood at \$17 million during the period under review. Month-on-month basis, during August, services trade posted a \$42 million deficit with \$695 million exports and \$737 million imports. During the last fiscal year (FY14), services trade deficit posted a notable increase of 68 percent or \$1.073 billion to \$2.637 billion compared to \$1.564 billion in FY13.

## **PIAF-Founder Alliance felicitated**

September 24, 2014

Chairman Standing Committee on Halal Food of the Lahore Chamber of Commerce and Industry (LCCI) Nasib Ahmad Saifi has congratulated the PIAF-Founder Alliance's leadership on winning the annual elections 2014-15. In a statement issued here on Tuesday, he said that the LCCI members had once again reposed their confidence in the leadership of the PIAF-Founder alliance and made its candidates successful by a clear majority.

He said that it reflected that people were satisfied with the policies of the Alliance. He said it had proved that the Chamber was in safe hands and the alliance was taking care of the interests of its members and contributing towards the economic development of the country.

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## **LCCI election: PIAF-FA wins all eight seats of Associate Class**

September 24, 2014

The PIAF-Founders Alliance made another clean sweep by winning all the eight seats of LCCI Associate Class for the year 2014-15 paving the way for the Alliance to have its President, Senior Vice President and Vice President. As many as 2579 votes were polled out of 6556 while 41 votes were rejected due to technical reasons. PIAF-Founder Alliance got 1144 panel votes while the rivals Progressive-Customs and Azad groups secured 687 & 94 panel votes respectively.

Election Commission comprising Shahzad Azam Khan, Sohail Azhar and Haroon Shafiq Chaudhry announced the provisional results. According to their announcement, the winning candidates of PIAF Founders Alliance include; Nasir Saeed, Syed Mehmood Ghaznavi, Khurram Lodhi, Raja Adeel Ashfaq, Rizwan Akhtar, Asad Noor Pugganwala, Waqar Ahmed Mian and Sh. Mohammad Fayyaz Ahmed. PIAF-Founders Alliance candidate Tanzila Yousaf elected on the one seat reserved for women.

Soon after the announcement of results, Chairman PIAF-Founders Alliance leaders Iftikhar Ali Malik, Mian Muhammad Ashraf, Sheikh Muhammad Asif and Sheikh Muhammad Arshad thanked the voters for reposing confidence in PIAF-Founders Alliance. They said that the number of votes cast in favour of the PIAF-Founders Alliance was enough to prove that the business community was with the Alliance. They paid rich tributes to the Leadership of the PIAF-Founders Alliance for putting in their in their best efforts to ensure a comfortable victory. They said that all efforts would be made to facilitate the members of LCCI for smooth functioning of their businesses.



## **Robberies, extortion cases: traders stage protest in Multan**

September 24, 2014

Chamber of Small Traders, Anjuman Tajiran, Haram-Gate, Nishat Road, Akbar Road, Khuni Burj Road staged a demonstration against increased cases of robberies and extortion in the city and apathetic attitude of the police. They blocked all the roads and staged sit-in and besieged the police station. However they dispersed on the assurance of SP City Khalid Rauf who assured them that proper security arrangements would be made in the markets and police patrolling would be increased.

Traders rally was led by Khawaja Muhammad Shafiq Chairman of All Pakistan Anjuman Tajiran, Khalid Mehmood Qureshi President of Chamber of Small Traders, Khawaja Muhammad Aslam of Sarafa Association, Zafar Iqbal Siddiqui, Aslam Saeed Butt, Sheikh Saleem Kanday wala, Aziz-ur-Rehman Ansari, Mian Zafar Iqbal, Hafiz Sadiq Hussain and Sheikh Sajjad Ahmed.

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## **Private housing schemes to be allowed access to Motorway: Senate body told**

September 24, 2014

Senate Standing Committee on Communication was informed that National Highway Authority (NHA) would allow an interchange or access to Motorway within 5 Km for private sector where there are minimum 30,000 housing units. The NHA presented a report on the policy of giving access to various housing schemes from Motorways in a meeting of the Senate Standing Committee on Communication held with Senator Muhammad Daud Khan Achakzai Advocate in the chair at Parliament House on Tuesday.

The NHA chairman told the committee that the draft of policy had been submitted to the Executive Board for approval, saying that the draft policy would also be presented to Nespak for fine-tuning.

According to the report on the policy, in case of rural areas within 5 Km as well as in case of urban residential areas, there is sufficient existing population (minimum 30,000 housing units) where interchange is being proposed on motorway. The NHA would not allow an interchange or access to Motorway within less than 10 Km of an existing interchange on either side of the proposed access in case of rural area and within 5 Km in case of urban area.

However, the report says that the access shall be open to public and shall not be restricted. The applicant shall provide a sufficient land for the project outside the fence/Row, which will be mutated in the name of the NHA without any cost to Authority. The land shall remain the property of the NHA and shall not be given back, in case of demolition/removal, etc, of the structure in future and hence new RoW would be defined. The applicant shall provide an undertaking to this effect on stamp paper.

According to the report, area population/demographic and traffic impact study shall be carried out by the applicant through an engineering consultant and submitted for approval by the NHA. The applicant shall not have any right to carry out any commercial activity on the premises of the interchange. The NHA reserves the right to close the interchange if any requirement arises in due course of time. However, the NHA shall not do so unless there is a cogent reason such as expansion requirement, the government directives, defaults of applicant etc.

While discussing a progress report on the recommendations of the Committee regarding promotion cases of Member (from BS-20 to BS-21) in the NHA, the Secretary Ministry of Communication told the Committee, "We can promote any member of the NHA from grade 20 to 21 because the matter regarding to it was challenged in the court." He said that the rules were changed with the approval of previous ministers to promote or appoint some members from grade 20 to 21 and the NHA member Altamush has been challenged in the court. The Committee decided to summon the official of Law Ministry for discussion of the matter and seeking proposal in this regard.

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## **Activity at Karachi and Qasim ports**

September 24, 2014

The Karachi Port handled 101,425 tonnes of cargo comprising 72,406 tonnes of import cargo and 29,019 tonnes of export cargo including 1,677 loaded and empty containers during the last 24 hours ending at 0700 hours on Tuesday. The total import cargo of 72,406 tonnes comprised of 10,884 tonnes of containerised cargo; 1,061 tonnes of general cargo; 26,998 tonnes of bulk cargo: 8,200 tonnes of coal; 7,025 tonnes of wheat; 5,276 tonnes of DAP; 2,266 tonnes of soyabean meal; 2,560 tonnes of rape seed and 33,463 tonnes of oil/liquid cargo.

The total export cargo of 29,019 tonnes comprised of 20,770 tonnes of containerised cargo and 95 tonnes of general cargo and 8,154 tonnes of loose bulk cement. As many as 1,677 containers comprising 699 containers import and 978 containers export were handled during the last 24 hours on Tuesday.

The break-up of imported containers shows 413 of 20's and 139 of 40's loaded while 8 of 20's and nil of 40's empty containers, whereas that of exported containers shows 710 of 20's and 41 of 40's loaded containers while 134 of 20's and 26 of 40's empty containers were handled during the business hours.

There were six ships namely PAC Aries, MOL Distinction, Somerset, Sinar Kutai, Tulip and ISE carrying containers, cement, chemical and general cargo respectively sailed out to sea during the



reported period. There were seven vessels viz. Shahr-e-Kord, ACX Crystal, Eleni-1, Sidra Ras Laffan, Alpine Trader, ISE and New Legend Sapphire carrying containers, oil tanker, DAP and general cargo respectively currently at the berths. There was one ship namely Eleni-1 carrying containers sailed out to sea on Tuesday, while three ships namely Tromso, Sidra Ras Laffan and Ikan Jenahar carrying oil tankers and DAP respectively are expected to sail on Wednesday.

There were three vessels viz. Kota Kamil, YM New Jersey and Thor Integrity carrying containers and coal respectively due to arrive on Tuesday, while three vessels viz. Uni Premier, Ardmore Centurion and Ikan Sembak carrying containers, mogas and coal respectively are due to arrive on Wednesday.

### **PORT QASIM**

A cargo volume of 145,279 tonnes comprising 115,850 tonnes of import cargo and 29,429 tonnes of export cargo inclusive 4,039 loaded and empty containers (TEUs) was handled at Port Qasim during the last 24 hours on Tuesday.

The total import cargo of 115,850 tonnes includes 32,040 tonnes of furnace oil; 20,000 tonnes of palm oil; 3,046 tonnes of iron ore; 3,900 tonnes of wheat; 4,500 tonnes of chemical and 52,364 tonnes of containerised cargo. The total export cargo of 29,429 tonnes includes 3,119 tonnes of cement; 1,933 tonnes of rice and 24,377 tonnes of containerised cargo. As many as 4,039 containers comprising 1,954 containers import and 2,085 containers export were handled during the last 24 hours on Tuesday.

There were three ships namely MV Ikan Salmon, MV Lito and MT TR Nilas with rice, cement and diesel oil sailed out sea on Tuesday morning, while two more ships namely CV MSC Nilgun and CV Safmarine Ngami with containers are expected to sail on the same day afternoon. A total number of eleven vessels viz. CV MSC Vienna, CV MSC Nilgun, CV Safmarine Ngami, ACX Crystal, MV Ikan Salmon, MV Luxury SW, MV Lito, MT TR Nilas, MT Pacific Sun, MT TR Nilas, MT Bunga Akasia and MT Quetta currently occupied berths to load/offload containers, rice, cement, wheat, chemical, iron ore, palm oil and furnace oil respectively during the last 24 hours.

As many as eight ships namely Jazan, Mandrain Ocean, Kang Huan, Amsel, Beagle-VI, Sandra, Histria Agata and Al Mahboobah with containers, rape seed, iron ore, fertilizer, wheat, chemical and edible oil are at the outer anchorage of Port Qasim. There were four vessels viz. CV Jazan, Mandrain Ocean, MV Beagle-VI and MV Amsel carrying containers, fertilizer, rapeseed and iron ore expected to take berths at Qasim International Containers Terminal FAP Terminal and Iron Ore & Coal Terminal respectively on Tuesday. There are no ships namely due to arrive on Tuesday.

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# National Aviation Policy being revised: Shujaat Azeem

September 24, 2014

National Aviation Policy is being revised and its draft is being prepared with the consultation of all the stake-holders and is expected to be finalised at the end of this month which will prove to be revolutionary in the aviation industry, said Captain Shujaat Azeem, Special Assistant to the Prime Minister on Aviation. He was presiding over the meeting at Headquarters PCAA, where he addressed all the directors of PCAA. DG-CAA Air Marshall Retired Mohammad Yousuf and all the directors gave their opinions regarding the betterment of aviation policy.

Shujaat Azeem said that reshaping the National Aviation Policy is their first priority as last Aviation Policy was made back in 2000 and no new policy has been introduced for the last 14 years. He also said that in order to prepare the first draft of National Aviation Policy they have availed the services of all the stake holders, Aviation experts and top Universities around the world. In this regard they have studied the aviation policies of Austria, Singapore, China and Canada and have also availed the expert opinion and help of four P.H.D professors.

Captain Shujaat Azeem also said that new aviation policy will promote public-private partnership and will provide breakthrough in the aviation industry as it will enable Pakistan citizens to come up with their own ventures and help aviation industry grow, New aviation policy will also look to promote Flying club all around Pakistan. He applauded the efforts of DG-CAA on successful Haj Operation and also praised the smooth operations of Haj flights at different airports.-PR

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## PIA's hair raising deal!

September 24, 2014

IOBAL MIRZA

The PIA management, Aviation Advisor and PALPA have joined hands to scratch each others' back, according to sources in PIA. Management, they said is taking instructions from PALPA on cockpit crew promotions and placements (although Director Flight Operations (DFO) had resisted and resigned a few days back but Chairman PIA convinced him to continue). PALPA is getting 105 flying hours for its four office-bearers, and the Aviation Advisor is finalising a "wet lease" agreement with a Turkish Airline for approximately \$2,700 per hour.

Under wet lease agreement the aircraft is flown and maintained by the owner airline's crew while the buying airline crew is asked to rest. The same aircraft has been acquired by a private airline in Pakistan for around \$1,600 per hour. Needless to mention that the previous executive committee at PALPA had not only resisted the wet lease aircraft but made the management change the agreement to "damp lease" (where only maintenance is done by owner airline and

flown by operating airline thus saving huge amount by utilising own crew).

PIA management has been highlighting the dearth of narrow body aircraft as main reason for schedule abruption, however since the induction of these wet and damp lease aircraft it has been unable to bring about a positive change in its punctuality and regularity ratios.

Meanwhile, the pilot community feels disgraced after the recent incident involving President PALPA getting caught while entering the country with foreign exchange amount in excess to allowed figure. The incident has caused ripples among the pilot community which is feeling disgraced.

Disturbed and dejected community had already submitted a no confidence motion. Now it is up to the executive committee to handle the membership which is bound to give its opinion in two weeks time. The no confidence move is bound to be taken up by the executive committee of Pakistan Airline Pilots Association (PALPA) this week. The move which was triggered due to sharp differences between the management of PALPA and members who accused the management of serving themselves only which is evident that four office-bearers demanded special allowance from the PIA management.

As per the terms of the constitution of association, the members who bring the no confidence motion against the Executive Committee are required to prove their accusations/allegations before the meeting of the Executive Committee. If they are unable to prove the accusations/allegations the constitution provides them with two options. The first of which is to apologise in writing, and the second is to request for permission in writing from the Executive Committee to seek support of the members for their no confidence motion. Such permission has also certain qualifications to fulfil in order for it to be legitimate. The permission is required to be granted within one week of application (seeking permission) and the Executive Committee shall give a specific notice to the applicant that he/she was to obtain support of 1/3 (one-third) of total members within two weeks from date of permission.

Customs authorities had detained Pakistan International Airlines' (PIA) crew members at Lahore's Allama Iqbal International Airport for smuggling goods and foreign currency into the country. As per the details PALPA President Captain Amir Hashmi and cabin crew of flight PK 758 were held after customs officials recovered 21 smart phones and around 5,000 British pounds from their possession. Customs authorities alleged that the crew was involved in smuggling and had used similar tactics to transport valuable goods into the country.

Earlier the members of PALPA moved a no confidence motion against the present executive committee (EC) under the PALPA Constitution and PALPA-PIA Working Agreement 2011-13. PALPA members requested all the EC members, including the president PALPA to resign and appoint an election committee to hold an extraordinary election as they have been failed to fulfil their promises and involved in personal gains. Prime allegation is that the present PALPA leadership is busy penalising its own membership while completely overlooking the aspect of welfare.

PALPA members have brought serious allegations against the executive committee in their no-confidence motion which include not safeguarding the interests of pilots and even the organisation while claiming 105 hours flying allowance for four executives which was earlier announced otherwise.

The EC is seen focusing on personal agendas that involve getting lucrative flights, getting friends appointed as Chief Pilots, travelling SUPY to attend marriages in Manchester and New York, etc, while the approved clauses of Working Agreement 2011-2013 like NS-I tickets status, block time payment, medical facilities, etc, have not been touched as yet.

According to the report, acquired by *Business Recorder*, on the incident, sent to PIA management by Station Manager, Lahore, Manzoor Jr, there is a clear contradiction in the statements of Chairman PIA, President PALPA, Joint Secretary PALPA and spokesman of PIA. "Giving cash by PIA to the pilot is against law and falls in the category of money laundering," and the President of PALPA had not declared this amount while going abroad.

The statement of Station Manager contradicts the statement of PIA and Secretary Aviation. Only passengers are allowed to bring in USD 10,000 and not the crew. Station Manager's report sent to PIA head office said: "The matter was resolved after negotiations with the Dy. Collector Customs and crew was allowed to leave 1630 hrs after full undertaking by me. The money declared by crew members of Pk758/21 September 2014 was given by PIA for miscellaneous use during the flight and abroad. The said crew shall be presented before the Customs official forum whenever required."

As per the customs the crew had not declared the detected amount upon departure the only way out therefore was undertaking from crew which the crew did not agree so there was no other option to resolve the matter with consultation of Manager Legal LHE, to avoid further aggravation of situation as union workers had gathered outside the custom hall. The Captain was President, PALPA, the report said.

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## Company News: *Pakistan*

# Orix Leasing earns Rs 516 million profit after tax

September 24, 2014

ORIX Leasing Pakistan Limited (OLP) records highest ever profit in history. The Board of Directors of OLP approved financial statements of the Company for the year ended June 30, 2014 on September 20, 2014. The profit before tax and profit after tax of Rs 640 million and Rs 516 million respectively is the highest ever in the Company's history.

The Board of Directors declared cash dividend of 35 percent (Rs 3.5 per share) for the year ended June 30, 2014. Earnings per share was Rs 6.29 as against Rs 4.12 in 2013. Return on equity was higher at 18.5 percent as compared to 13.6 percent last year. The Company assets base was reported at Rs 24.5 billion and equity stood at Rs 2.98 billion. Coverage ratio of Non-Performing Leases over 90 days was reported at 100 percent with significant improvement in non performing portfolio.-PR

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## Attock Cement Pakistan Limited

September 24, 2014

Established in 1981, the Attock Cement Pakistan Limited (KSE: ACPL) is a member of the Pharaon Group of Companies in Pakistan. As a joint venture between Pakistan and Saudi Arabia, the project initially involved an outlay of around Rs 1.5 billion, with a foreign exchange component of US \$45 million. The Pharaon Group is known to have interests in diversified fields including oil and gas, power generation, and information technology. The Group is sponsored by Dr Ghaith R. Pharaon, an international industrialist.

ACPL's plant is located at Hub, District Lasbela in Balochistan, about 45 kilometres North West of Karachi (South region). The plant has an annual production capacity of 1.8 million tonnes of cement. Some of ACPL's major projects have included the Jinnah Terminal in Karachi, MCB Tower, HUBCO Power Company, Lyari Expressway and Bahria Complex III.

The company is ISO 9001:2000 and ISO 1400 certified from Lloyds Register Quality Assurance. ACPL also boasts to have received certifications from the standards bureaus in India, South Africa, Sri Lanka, Britain and America. Further, the company has also promoted its brand 'Falcon' in various overseas markets including India, Sri Lanka, UAE, Iraq, Qatar, Mauritius, Somalia, Tanzania, Sudan, Djibouti/Ethiopia, Kuwait, Oman, South Africa, Zanzibar and Yemen.

ACPL's products include the signature Falcon cement, aside from Ordinary Portland Cement (OPC), Sulphate Resistant Cement (SRC), Block Cement, and Portland Blast Furnace Slag Cement (PBFSC). The company is governed by a board of seven members with Dr Ghaith R. Pharaon as the Chairman and Babar Bashir Nawaz as the Executive Director and CEO.

**INDUSTRIAL REVIEW** By and large, the cement and construction sector has had a decent year, posting record local sales. In terms of financials as well, most players in the sector performed well, with a few also announcing expansion plans in line with robust demand projections.

This is further supported by the high allocations towards infrastructure development in the Public Sector Development Programme (PSDP) for FY15. The year 2013-14 did witness a decline in exports, however. The overall cement industry witnessed a net growth of around 2.5 percent. The country wide local demand increased by 4.33 percent and exports declined by 2.8 percent.

Contrary to the North region, cumulatively, volumes for players in the South during FY14 benefited more from exports rather than local despatches, even though export despatches came down for the industry at large. In fact, local despatches declined by 5.3 percent for the industrial players in the South, while exports from the region grew by a significant 20 percent during FY14.

Cumulatively, higher cement prices propelled revenues through the year, contributing approximately 12 percent to the sector's net sales. In order to counter inflationary pressures, including electricity tariff and power hikes, prices were raised by 13 percent, which led to higher profit-before-taxation compared with FY13. At the same time, average profitability was subdued due to the increase in effective taxation. However, an important element in supporting net margins has been a widespread decrease in financing costs owing to smooth deleveraging. Furthermore, other operating income has also risen significantly at the aggregate level in the cement sector.

**PERFORMANCE FY14** ACPL was able to achieve production over its total rated capacity in both its lines of production during FY14 and also sell its entire production volume during the year in both local as well as overseas markets.

The company's volumes have also benefited more from exports rather than local despatches. Sales volumes were recorded at 1.9 million tonnes, the highest figure achieved by the company, depicting an increase of 3 percent compared with the previous year.

Of this, about 1.2 million tonnes of cement was sold in the local market. Demand remained particularly weak in the South region as mega projects remained low, coupled with a poor law-and-order situation in Karachi. Consequently, local sales for ACPL registered a decline of 11.32 percent during FY14.

The remainder of the quantity was sold exported to regional markets, including South Africa, Sri Lanka, Iraq and Sub-Saharan Africa. Exports were focused upon in order to ensure 100 percent capacity utilisation in the advent of weak local demand. Sales registered an increase of 9 percent during the year owing to both, increase in the prices of cement by 6 percent and higher volumetric sales which contributed up to Rs 328 million of additional revenue to the company.

ACPL's earnings suffered a decline of 5.7 percent compared with the previous fiscal year. Earnings were marred by the significant increase in financing and distribution costs, which rose by 100 percent and 40 percent, respectively. Increase in payables was also witnessed in the form of taxation, which rose by 15 percent during the year. Consequently, the company's margins declined even though there was an increase in volumes by up to 9 percent. Gross margins were also affected by the 11 percent increase registered in the cost of goods sold.

Other expenses for ACPL registered an increase of 15 percent along with an 18.72 percent increase in other income. However, the significant increase in distribution costs and administrative expenses, which rose by 40 percent and 17 percent, respectively, continued to exert pressure on operating margins, which also came down cumulatively.

Increase in financing costs of ACPL, which have contributed most the decline in the company's bottom line, may be attributed to the 'Iraq project'. During the last quarter, the company had announced the signing of a joint venture agreement with Al Keetan Trading and Commercial Agencies Limited for the construction and management of a cement grinding unit with a capacity of 3,000 tonnes per day. Subsequently, the company had begun the formation of a Limited Liability Company in Iraq. With ACPL's reliance on exports and the developing situation in Afghanistan not very encouraging for cement manufacturers, the company's bottom line is likely to remain dependent on diversifying export markets.

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ACPL - Key Financials

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Rs (mn)	2014	2013	Chg		
Net sales	12547	11508	9%		
Cost of sales	-8843	-7971	11%		
Gross margin	30%	31%	-		
Distribution costs	-806	-578	40%		
Operating margin	21%	23%	-		
Finance cost	-30	-15	100%		
Net margin	16%	19%	-		
Total comprehensive income for the year	1937	2054	-6%		
Basic and diluted EPS (Rs)	17.6	18.7	-6%		

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## Nishat Mills announces Rs 5.51 billion earnings in Fiscal Year 2014

September 24, 2014

Nishat Mills (NML), Pakistan's largest textile mill, announced FY14 unconsolidated earnings of Rs 5.51 billion (EPS Rs 15.68) compared to Rs 5.85 billion (EPS Rs 16.63) last year, down 5.7 percent. The result is also accompanied with final cash dividend of Rs 4.0/share (FY13 EPS Rs 4).



According to Topline Securities, sales of the company grew by 3.8 percent to Rs 54.44 billion compared to Rs 52.43 billion in FY13. Cost of sales increased by 7.4 percent to Rs 46.58 billion in FY14. Thus, gross profits declined by 13.1 percent to Rs 7.86 billion while gross margins declined by 281bps to 14.4 percent in FY14 compared to 17.3 percent last year.

Other income of the company increased to Rs 3.7 billion in FY14 compared to Rs 2.7 billion last year, up 33.4 percent. During the year, dividend income of NML is estimated to increase by 31 percent to Rs 2.9 billion from its investment portfolio. Currently, value of NML investment portfolio is estimated at Rs 49.9 billion (Rs 142/share). On the other side, finance cost remained stable at Rs 1.6 billion.

During 4QFY14, sales of the company fell by six percent YoY to Rs 12.76 billion while cost of sales surged by seven percent YoY to Rs 11.89 billion. As a result, gross margins squeezed to 6.8 percent, drop of 615bps in 4QFY14. "We feel power tariff hikes and PKR appreciation against US dollar caused the deterioration," said Muhammad Tahir Saeed analyst at Topline. However, support to profits came from handsome rise in other operating income to Rs 1.18 billion (up 47.5 percent YoY), he added.

NML posted PBT of Rs 873.3 million in 4QFY14. Excluding other income, NML would have posted loss before tax of Rs 309.1 million. The company posted earnings of Rs 889 million (EPS Rs 2.53) in 4QFY14 compared to Rs 1.73 billion (EPS Rs 4.94) in the same period last year, down 49 percent. On quarter-on-quarter basis, NML posted 15 percent increase in earnings from Rs 771 million (EPS Rs 2.19) in 3QFY14, he informed.

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## Taxation: *Pakistan*

# Awareness campaign against hazardous aspects of smoking urged

September 24, 2014

Minister Finance, Excise & Taxation Mujtaba Shuja-ur-Rehman has said the government is paying full attention towards provision of state-of-the-art healthcare facilities to the people at grassroots level. He stressed upon the doctors community for launching massive awareness campaign for sensitising the people about hazardous aspects of smoking with a view to prevent cardiovascular diseases besides lungs, bronchitis and various types of lungs cancer.

He said the government had provided Rs 121.8 billion for the health sector and extra Rs 2 billion for controlling communicable diseases whereas, it has also increased 19.8 percent budget for ongoing expenditure of health sector. The government had reserved Rs 2 billion to achieve the millennium development goals (MDGs).

While talking to various delegations regarding World Heart Day here, Mujtaba Shuja-ur-Rehman said in Pakistan itself, more than 40 percent of the adultery population over the age of 45 suffered from one form or the other of non-communicable disease, such as heart disease, high blood pressure, diabetes and cancer and the trend seemed to be on the rise. "This increasing trend is likely to double the burden of disease in developing countries and clearly is likely to have significant health economic implications as a result of cost of care and lost productivity costs," he maintained.

He said risk factors involved in heart diseases could be controlled through exercises and spending simple life style, however he also stressed the need for creating awareness among the general public about the heart diseases and their risk factors ie smoking, high blood pressure, high cholesterol, diabetes, obesity as well as physical inactivity and use of tobacco. The people should live a simple life and change their eating habits to protect themselves from cardiovascular diseases, he added.

The Minister said Punjab government was focusing on the provision of education and healthcare facilities to the common people specially people living in remote and far-flung areas and had taken revolutionary steps through re-engineering of resources in the field of education and health so that modern educational as well as latest medical facilities could be provided to the people at their door steps.

Meanwhile, addressing the people at a relief camp set up by PML-N for flood-affectees, Mujtaba said people and Punjab government would continue to send relief goods in flood-affected areas and people were standing with their flood-affected brothers. He stressed upon the philanthropists to give maximum donations for their flood affectees brothers.

He said that arrangements for payment were being made at every union council of flood-hit areas and arrangements were also being made in schools of those areas where most of the people

affected. He said steps were being taken for making the procedure of payment simple and transparent and service centres would work from 8am to 8pm daily for providing financial assistance. Chief Minister Punjab Shahbaz Sharif was personally supervising relief activities and visiting flood-hit areas daily on war footing, he concluded.

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## **'Inefficiency' and 'misconduct': FBR awards major penalty to Additional Commissioner-IR**

September 24, 2014

The Federal Board of Revenue (FBR) has imposed a major penalty 'reduction to a lower post of Deputy Commissioner (BS-18) for a period of two years' on Chaudhry Jafar Nawaz (IRS/BS-19) Additional Commissioner-IR, Regional Tax Office Lahore.

According to a notification issued by the FBR on Tuesday, the Secretary Revenue Division/Chairman FBR, being the authority in the case, after having considered all the aspects and material relating to the case and the recommendations of the authorised officer held the accused officer guilty of the charges of "inefficiency" and "misconduct" and has imposed major penalty of "Reduction to a lower post of Deputy Commissioner (BS-18) for a period of two years" as laid down in sub-clause (i) of clause

(b) of sub rule(1)of Rule 4 of the Government Servants (Efficiency & Discipline)Rules, 1973 with immediate effect. The amount of pay and allowances unlawfully drawn by him to which he was not entitled to during the period of 123 days (from 02.07.2012 to 01.11.2012) of his unauthorised absence shall be recovered from him.

On account of imposition of Major Penalty of "Reduction to a lower post of Deputy Commissioner-IR (BS-18) for a period of two years" Upon Chaudhry Jafar Nawaz, BS-18 officer of Inland Revenue Service, presently posted as Deputy Commissioner-IR, Regional Tax Office, Lahore, the performance allowance of officer is hereby discontinued for a period of one year w.e.f 23.09.2014 to 22.09.2015, in light of para 7 of Guidelines for Performance Allowance 2012 dated 23.07.2012. After one year, the officer will have to appear again for selection and grant of performance allowance.

The FBR said that disciplinary proceeding have been initiated against Chaudhry Jafar Nawaz (IRS/BS-19)Additional Commissioner-IR, Regional Tax Office, Lahore under Government Servants (Efficiency & Discipline)Rules, 1973 and Charge Sheet and statement of allegations were issued on 20.06.2012 on the charges of "Inefficiency" and "Misconduct."

The Competent Authority appointed Shafqat Mahmood (IRS/BS-21)as inquiry officer who conducted inquiry under Government Servants E&D) Rules, 1973 on the charges of "Inefficiency", and "Misconduct". The inquiry officer furnished report on 21.01.2013. On the basis of inquiry report, a show cause notice was issued on 15.02.2013 to the accused officer with

the directions to show cause within seven (7) days of receipt as to why one or more penalties including Major Penalty of dismissal from service under Government Servants.

After having examined the relevant record, inquiry report, written defence as well as verbal submissions made by the officer before the authorised officer during the personal hearing, the authorized officer concluded that the Charges of "Inefficiency" and "Misconduct" stand established. Additionally, his wilful absence from duty for a period of 123 days also stand established. The Authorized officer recommended to the authority that the imposition of major penalty of "Reduction to a lower post of Deputy Commissioner (BS-18) for a period of two year" as laid down in sub clause(i)of clause(b)of sub rule(1)of Rule 4 of the Government Servants (Efficiency & Discipline)Rules, 1973. Additionally, the amount of pay and allowances unlawfully drawn by him to which he was not entitled during the period of his unauthorised absence of 123 days (from 02.07.2012 to 01.11 .2012) were also recommended to be recovered from him.

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## **FBR rejects new proposal of retailer's community**

September 24, 2014

The Federal Board of Revenue (FBR) has rejected new proposals of the retailer's community to bring changes in the procedures for retail outlets registration under the scheme announced in budget (2014-15). A senior FBR official told *Business Recorder* here on Tuesday that the retailer's representatives met the tax authorities to discuss different issues of the community.

The issues included sales tax on new retail outlets through electricity bills and discrimination between different categories of retailers along with other issues. However, the proposals were not considered viable and were turned down by the tax authorities, he added.

The retailers are facing numerous difficulties in following the registration process after introduction of two-tier sales tax regime for documentation of the retailers from 2014-15. The retailers have taken up the matter of discrimination between different categories of retailers for the purpose of registration etc, sources added. According to the revised Sales Tax Special Procedure Rules, 2007, retailers shall provide seamless and real-time access of their FECRs data to the Board and also allow onsite physical inspection as and when authorised by the Commissioner Inland Revenue having the jurisdiction.

The retailers falling in any of the following categories shall be required to get registered as a retailer under the Sales Tax Act: A retailer operating as a unit of a national or international chain of stores; a retailer operating in an air-conditioned shopping mall, plaza or centre, excluding kiosks; a retailer who has a credit or debit card machine; a retailer whose cumulative electricity bill during the immediately preceding twelve consecutive months exceeds rupees six hundred thousand and a wholesaler-cum-retailer, engaged in bulk import and supply of consumer goods on wholesale basis to the retailers as well as on retail basis to the general body of the consumers. The retailers operating as a unit of a franchise or any other arrangement of a national or

multinational chain of stores shall obtain a separate registration as distinct from the principal. Other retailers shall pay sales tax through electricity bills. Retailers not falling in the specified categories shall be charged sales tax through their electricity bills by the persons making supplies of electricity. Every person making supplies of electricity shall charge and collect sales tax at the rates specified from every retailer having a commercial electricity connection. The registration of retailers based on the said categories was discussed between FBR and the retailers' representatives.

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## **Pak-US IPR meeting held**

September 24, 2014

Interim Progress Review (IPR) meeting between Pakistan and the United States was held in the Ministry of Defence on Monday to consider the progress of last Defence Consultative group meeting held in Washington in November, 2013. The US delegation was led by Kelly Magsamen, Acting Assistant Secretary of Defence whereas the Pakistan delegation was led by Rear Admiral Mukhtar Khan, Additional Secretary Defence.

Prior to the main session, the head of US defence Delegation called on Secretary Defence Lieutenant General Muhammad Alam Khattak (Retd) and discussed various issues relating to defence co-operation including Post-2014 security situation in the region. The IPR meeting deliberated on the progress made on issues of bilateral interest and both sides expressed satisfaction over the pace of progress. They reiterated their resolve to further enhance the defence co-operation. Both the sides agreed to hold the next round of Defence Consultative Group meeting on mutually agreed date and venue.

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## Taxation: *World*

# Argentine custom workers suspend work stoppage

September 24, 2014

Argentine custom workers lifted the threat of another work stoppage as wage talks continue, Guillermo Wade, president of the Port and Maritime Activities Chamber, said on Tuesday. A four-day strike that started last week halted grains shipments from the Rosario grains hub during one of the busiest times of the year for shipping.

The customs workers union had said that if it did not reach an agreement with the government for a wage hike, it would stage another strike starting this Wednesday. "The strike has been lifted as a gesture from the Supara (customs workers union) to allow for a settlement to be negotiated," Wade said. Strikes are common in Argentina, where labour groups demand wage hikes in line with inflation.

*Copyright Reuters, 2014*

# UK's public finances show further slippage, income tax weak

September 24, 2014

Britain's public finances deteriorated again in August after a weak start to the financial year, posing a challenge for finance minister George Osborne as next year's national election approaches. The Office for National Statistics said public sector net borrowing, excluding state-controlled banks, totalled 11.6 billion pounds in August, up 6.1 percent from a year earlier, broadly in line with economists' expectations in a Reuters poll.

Public borrowing for the tax year to date, excluding banks, was 45.4 billion pounds, 6.2 percent higher than between April and August 2013, data showed on Tuesday. Britain's government said in March it would aim to cut borrowing by 10 percent in the 2014/15 tax year to lower the deficit to 5.5 percent of GDP from about 6.5 percent in 2013/14.

But so far this year total borrowing has run ahead of 2013 levels. This is partly because the first few months of the 2013/14 tax year saw bumper revenues due to a Swiss tax deal, as well as from income tax paid on bonus payments that had been held over from early 2013 to take advantage of a tax cut. Even so, economists said a big improvement would be needed this month for the government to get back on track and the chances of extra spending or tax cuts before the election in May 2015 seemed to be slipping away. The August data marks the introduction of new public finance measures by the ONS. The ONS's previous headline measure - public sector

net borrowing, excluding financial sector interventions - came in at 12.5 billion pounds in August, up from 11.7 billion pounds a year earlier and above economists' 11.5 billion pound forecast.

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## **Tunisia to impose departure tax on tourists**

September 24, 2014

Tunisia on Tuesday announced that from next month non-resident foreigners will have to pay a departure tax on leaving the country, in a move aimed at boosting the country's coffers. "The Tunisian government announces the creation of a departure tax for non-resident foreign travellers leaving Tunisian territory, coming into force on October 1," the tourism ministry said on its Facebook page.

Those affected, mainly tourists, will have to pay a departure stamp to the value of 30 dinars (\$17, 13 euros). Tunisians, with the exception of those living abroad, and foreigners with residence permits already pay 60 dinars each time they leave the country. The new tax announced on Tuesday was included in a complementary finance law adopted this summer as part of measures aimed at helping to bail out the state. The economy has been hard hit by the instability that followed the 2011 revolution that forced out long-time strongman Zine El Abidine Ben Ali. Gross domestic product growth slowed further in the second quarter of 2014, up just 2.0 percent as against 2.8 percent in the same period of 2013, central bank figures show.

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# Cotton and Textiles: *Pakistan*

## Cotton market: business activity picks up pace as supply improves

September 24, 2014

Mills and exporters showed fresh interest in forward buying on the cotton market on Tuesday amid easy supply, dealers said. The official spot rate slid by Rs 100 at Rs 5,350, they added. In the ready session, around 20,000 bales of cotton changed hands between Rs 5200 and Rs 5500, they said. In Sindh, rates were down by Rs 50 to Rs 2450 and Rs 2550, in Punjab prices shed Rs 100 to Rs 2300 and Rs 2500, they said.

With the passage of time, supply of phutti arrivals showed further rise and buyers were trying to avail an opportunity due to lower rates. Cotton analyst, Naseem Usman said the flood and rains water is receding, in the meantime, pest and virus attack could hit the quality, so if the growers not take measures to save the crop. Despite the good crop, growers were under pressure because they were not getting better return due to less buying interest from importing countries, he said.

**Reuters adds:** ICE cotton dropped to a seven-week low on Monday after China announced plans to slash imports next year, a long-awaited announcement that confirmed market fears that a policy overhaul will remove the world's top buyer from the market.

The benchmark December cotton contract on ICE Futures US fell 1.8 cents, or 2.8 percent, to settle at 62.59 cents a lb. It earlier plunged by more than 2 cents to as low as 62.22 cents a lb.

The following deals reported: 2000 bales of cotton from Mirpurkhas at Rs 5250-5350, 800 bales from Hala at Rs 5300-5350, 2000 bales from Shahdadpur at Rs 5300-5400, 2000 bales from Tando Adam at Rs 5300-5400, 3000 bales from Sanghar at Rs 5300-5400, 2000 bales from Nawabshah at Rs 5400-5450, 400 bales from Vindar at Rs 5475, 1800 bales from Khairpur at Rs 5400-5500, 800 bales from Haroonabad at Rs 5350, 400 bales from Chichawatni at Rs 5350, 600 bales from Chistian at Rs 5350-5375, 400 bales from Hasilpur at Rs 5375, 600 bales from Arifwala at Rs 5375, 400 bales from Layyah at Rs 5400, 600 bales from Rajanpur at Rs 5400, 200 bales from Shujabad at Rs 5400, 400 bales from Vehari at Rs 5400, 200 bales from Bahawalpur at Rs 5400, 200 bales from Bahawalnagar at Rs 5400, 1000 bales from Burewala at Rs 5400-5525 and 800 bales from Khanewal at Rs 5450-5500, they said.

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The KCA Official Spot Rate for Local Dealings in Pakistan Rupees

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FOR BASE GRADE 3 STAPLE LENGTH 1-1/32"

-----MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL

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Rate	Ex-Gin	Upcountry	Spot Rate	Spot Rate	DifferenceFor	Price	Ex-Karachi	Ex. KHI. As
Ex-Karachion 22.09.2014								

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37,324 Kgs    5,350    150    5,500    5,600    -100

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 Equivalent

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 40 Kgs        5,734    160    5,894    6,001    -107  
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## Energy constraints lead to decline in exports: APTMA

September 24, 2014

Chairman APTMA Punjab S M Tanveer has said the textile industry exports are on a nose-dive plunge from April 2014 to August 2014 in basic textile due to energy constraints, particularly in the province of Punjab. He said the textile industry exports data reflects that the exports of cotton cloth and cotton yarn, comparing with the corresponding periods, have declined respectively to 52% and 12% in August 2014, 43% and 33% in July 2014, 35% and 27% in June 2014, 36% and 22% in May 2014 and 36% and 22% in April 2014.

This unprecedented decline in exports of basic textile over the last five months indicates that a sizeable textile capacity has either been closed or non-operative, he asserted. According to him, the prime factor behind the closing down and non-operational capacities is short supplies of energy, particularly in the province of Punjab where 70% of total textile industry of Pakistan is located.

Tanveer said the operations of basic textile industry are energy intensive, fed from independent feeders with nominal line losses and fully compliant in bills payment. However, he said, the DISCOs have been unwilling to meet their energy needs. Similarly, the gas availability is also under pressure for Punjab-based textile industry as the SNGPL is providing gas only for eight hours a day at present against 24/7 supplies in other provinces.

He apprehended that a constant five months decline in exports in quantity terms is due to the widening gap of energy equilibrium in Punjab against other provinces. The prevailing unit price of cotton cloth and cotton yarn could have fetched an additional one billion dollar exports to the country in five months provided that required energy is supplied to the Punjab-based textile mills, he said, adding, "The country would be at a loss of \$2.5 billion exports if energy constraints continue for the remaining part of the year.

Does Pakistan not need foreign exchange by letting the industry to operate on full potential, keep the employment intact and the economy on the growth trajectory, he posed a question to the policy-makers. Chairman APTMA Punjab has urged the government to make sure uninterrupted energy, both gas and electricity, supply at an intra provincial competitive price to let the Punjab-based textile industry grow in the larger industrial and economic interests of the country.

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## Nishat Mills announces Rs 5.51 billion earnings in Fiscal Year 2014

September 24, 2014

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According to Topline Securities, sales of the company grew by 3.8 percent to Rs 54.44 billion compared to Rs 52.43 billion in FY13. Cost of sales increased by 7.4 percent to Rs 46.58 billion in FY14. Thus, gross profits declined by 13.1 percent to Rs 7.86 billion while gross margins declined by 281bps to 14.4 percent in FY14 compared to 17.3 percent last year.

Other income of the company increased to Rs 3.7 billion in FY14 compared to Rs 2.7 billion last year, up 33.4 percent. During the year, dividend income of NML is estimated to increase by 31 percent to Rs 2.9 billion from its investment portfolio. Currently, value of NML investment portfolio is estimated at Rs 49.9 billion (Rs 142/share). On the other side, finance cost remained stable at Rs 1.6 billion.

During 4QFY14, sales of the company fell by six percent YoY to Rs 12.76 billion while cost of sales surged by seven percent YoY to Rs 11.89 billion. As a result, gross margins squeezed to 6.8 percent, drop of 615bps in 4QFY14. "We feel power tariff hikes and PKR appreciation against US dollar caused the deterioration," said Muhammad Tahir Saeed analyst at Topline. However, support to profits came from handsome rise in other operating income to Rs 1.18 billion (up 47.5 percent YoY), he added.

NML posted PBT of Rs 873.3 million in 4QFY14. Excluding other income, NML would have posted loss before tax of Rs 309.1 million. The company posted earnings of Rs 889 million (EPS Rs 2.53) in 4QFY14 compared to Rs 1.73 billion (EPS Rs 4.94) in the same period last year, down 49 percent. On quarter-on-quarter basis, NML posted 15 percent increase in earnings from Rs 771 million (EPS Rs 2.19) in 3QFY14, he informed.

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## Agriculture and Allied: *Pakistan*

### Daily trading report of PMEX

September 24, 2014

On Tuesday at Pakistan Mercantile Exchange (PMEX) value traded was recorded at PKR 2.196 billion. The number of lots traded was 11,853 and PMEX Commodity Index closed at 2,944. Major business was contributed by crude oil amounting to PKR 1.267 billion, followed by gold amounting to PKR 768 million and silver at PKR 161 million.

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### Vegetables' prices up ahead of Eid-ul-Azha

September 24, 2014

N H ZUBERI

As Eid-ul-Azha is fast approaching and people are looking forward to celebrate the holy occasion, profiteer mafia has increased the prices of green vegetables under the pretext of floods, short supply and rising cost of transportation. Retailers pushed up vegetables' prices to new peak, with some greens' price crossing Rs 100 per kg mark. Traders attributed the unprecedented rise in prices to short supply from the producing areas.

Price of tomato made century and now it is being sold at Rs 100 per kg as compared to Rs 80 per kg and before September 15 it was being traded at Rs 40 per kg, lemon crossed Rs 160 per kg and ginger Rs 320 per kg. The retailers had already expressed fear that the prices of fruit and vegetables may go up further as their supply to Karachi has been badly affected by the heavy rains and consequent floods.

Prices of potato and onion are stable at Rs 50 to Rs 40 per kg. Retailers claimed that the vegetables which come from far-off areas were expensive due to transportation cost. Lady finger (bhindi) is being sold at Rs 120 per kg as against Rs 80-100 per kg on September 14. The retail price of cauliflower (phool gobhi) rose to Rs 80 from Rs 60 per kg. The retail price of cabbage (band gobhi) climbed to Rs 90 from Rs 60 per kg.

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# Reko Diq project: current status of litigation reviewed

September 24, 2014

Federal Minister for Finance, Senator Muhammad Ishaq Dar here on Tuesday chaired a meeting of the Laws Review Committee to review different draft laws as well as the current status of international litigation regarding the Reko Diq project against the government of Balochistan as well as the federal government. Different aspects of arbitration came under discussion during the meeting.

The participants of the meeting expressed the view that once litigation concludes, the project will contribute massively to the economic uplift of Balochistan, especially in creating large number of job opportunities. The meeting agreed to make all-out efforts for a speedy settlement of the arbitration issues. The matters relating to promulgation of an ordinance relating to GIDC and other legislations in pipeline were also discussed.

The meeting was attended by Federal Minister for Petroleum and Natural Resources, Shahid Khaqan Abbasi, Federal Minister for Science and Technology, Zahid Hamid, Special Assistant to Prime Minister, Khwaja Zaheer Ahmed, Attorney General of Pakistan, Salman Aslam Butt and Nadeem Hassan Asif, Secretary Establishment.

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## Fuel and Energy: *Pakistan*

# Power consumers billed for 45 days instead of 30 days

September 24, 2014

MUSHTAQ GHUMMAN

Distribution Companies (Discos) have reportedly billed consumers for 45 days instead of 30 days to show an improvement in their recovery which is the main reason behind over-billing, well informed sources told *Business Recorder*. "Discos charged consumers for 45 days instead of one month due to which rates of slabs changed," the sources added.

Discos have failed to improve recovery from private sector which has not reached Rs 400 billion - the main concern for the government. Federal Cabinet in its meeting on September 22, 2014 took strong exception to over-billing across Pakistan except the territory falling under the K-Electric and directed the Ministry of Water and Power to immediately hire three firms to conduct a forensic audit of bills.

Later on Prime Minister's Special Assistance on Energy, Dr Musadak Malik, said in a press conference that the bills of consumers who use up to 200 units in one month will be readjusted. He, however, ignored those consumers who use more than 200 units and are equally fleeced by the Discos in connivance, sources added. Some officials claim that the amount of over-billing is about Rs 52 billion whereas according to the Chairman PTI, the amount was Rs 70 billion.

Secretary Water and Power, Nargis Sethgi recently acknowledged before the federal cabinet that because of paucity of staff, meter reading of every household was not possible, thereby acknowledging that consumers are being overcharged. She also revealed that only 50 percent of meters are being read on a monthly basis, adding that bills are calculated on a trend basis. Sethi also confirmed that inflated electricity billing is because of elimination of slabs as there has been no change in the electricity tariff for the last one year.

Ministry of Water and Power came under harsh criticism for over-billing leading to the federal cabinet, including the Prime Minister Nawaz Sharif, expressing anger at the relevant Ministers, Secretary and other officials. Minister for Water and Power, Khawaja Asif who faced severe criticism in the cabinet meeting reportedly left the cabinet meeting room after accusing "some ministers" of interfering in the affairs of his Ministry. Khawaja Asif did not name any minister but consensus was that he was accusing Finance Minister Ishaq Dar of interfering in his ministry through not only agreeing to a set of politically challenging conditions with the International Monetary Fund (IMF) but also in his position as chairman of the committee on energy.

Some of the officials in the Ministry of Water and Power were heard saying that they had never been so roundly insulted as they were during the cabinet meeting on the issue of over-billing. Ministry of Water and Power officials, however, told this correspondent on condition of anonymity that since the appointments of Managing Director and Discos' Chief Executives are

being made by the Prime Minister he should be held responsible for the poor performance and that he should take action against those he appointed instead of criticising the Ministry.

Power sector analysts argue that reasons for over-billing given by the Prime Minister's Special Assistant Musadak Malik are not relevant and "an audit of over-billing will be an eyewash as it would not include consumers using more than 300 units and Federal Board of Revenue (FBR) will not pay back the amount charged as taxes from the consumers."

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## **Power tariff: Supreme Court hints at summoning AGP**

September 24, 2014

KHUDAYAR MOHLA

The Supreme Court on Tuesday hinted at summoning the Attorney General for Pakistan after examining global indicators relating to electricity tariff. Resuming the hearing on unprecedented loadshedding case, a three-judge bench led by Justice Jawwad S Khawaja observed that India has granted a subsidy in power sector despite pressure of international institutions.

During a brief hearing of a case on loadshedding, Justice Dost Mohammad Khan expressed concern over the existing fuel adjustment formula. Justice Dost Mohammad said that oil stock in the country has nothing to do with a rise in international oil price, saying the government raises prices whenever the commodity's prices are raised in international market. Later, the hearing of matter was adjourned for ten days.

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## **Biggest in eight years: government seeks \$815 million in OGDC share sale**

September 24, 2014

Government is seeking to raise about \$815 million with the sale of shares in Oil & Gas Development Co Ltd (OGDC), the largest offering from a local company in almost eight years. The government is offering 323 million ordinary shares and global depository shares (GDS), each representing 10 ordinary shares, according to a term sheet seen by Reuters on Tuesday. The GDSs will trade in London.

The deal is part of an initiative announced earlier this year to privatise 68 companies, including 10 banks, and raise \$5 billion in the next two years, officials have previously said. Pakistan raised \$387 million from a share sale in United Bank Ltd in June and another \$146 million from a sell-down in Pakistan Petroleum Ltd the same month.



Upcoming deals include an up to \$1.2 billion offering in Pakistan's largest lender HBL Bank, Thomson Reuters publication IFR reported in June, citing comments from Mohammad Zubair, the country's minister of state for privatisation. OGDC's sell-down would be the biggest offering from a Pakistan-based company since the government sold \$913.6 million worth of GDSs in the oil exploration company in London in late 2006, Thomson Reuters data showed.

**SHARE PERFORMANCE** OGDC shares are down 6.5 percent so far in 2014, compared with a 21 percent slump in the benchmark 100-share index of the Karachi Stock Exchange. The OGDC deal represents 7.5 percent of the company's share capital and will increase its free float company to 22.5 percent, the term sheet showed. Pricing for the offering is slated for October 16, with trading of the GDSs in London set for October 21.

Bank of America Merrill Lynch, Citigroup, and Pakistani broker KASB Securities are handling the share sale. Pakistan plans to sell dozens of public companies to help stabilise a \$225 billion economy crippled by power shortages, corruption and militant violence. Anti-government protests that have gripped Islamabad since mid-August are also threatening economic reforms that the government promised in return for a bailout from the International Monetary Fund, officials have said.

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## **TAPI gas pipeline: top US firms drop out of race**

September 24, 2014

Top US energy companies - Chevron and ExxonMobil - have dropped out of the race to become a consortium leader in financing the Turkmenistan, Afghanistan, Pakistan and India (TAPI) gas pipeline following dismissal of their demand for an equity stake in the project, a report in the local media said on Tuesday. The two companies were seeking shareholding in the field from where Turkmenistan would supply gas to energy-starved Pakistan, Afghanistan and India in response to their commitment to providing funds for laying the gas pipeline, officials say.

However, Turkmenistan turned down the request, forcing the companies out of the competition to become the team leader. Turkmenistan desires to award offshore gas extraction contracts to Chevron and ExxonMobil, but for that it needs to change the rules.

According to the officials, seeing an empty field, now Total of France and Malaysia's Petronas have entered the fray and are expressing interest in gas exploration in Turkmenistan without seeking any stake. "The government of Turkmenistan is negotiating with Total and Petronas a services agreement which is expected to be finalised in two months. The two firms could work as the consortium leaders," an official said.

"After receiving reports from Turkmenistan, Pakistan will again engage into talks with the central Asian state." The Afghan government says it does not require the entire committed volume of gas and only needs a part of it. The remaining quantity will be shared by Pakistan and

India. "For the pipeline, a route survey will be undertaken. Its engineering design is also yet to be prepared," the official said. Under the TAPI project, which is expected to cost over \$10 billion, Pakistan will get 1.365 billion cubic feet of gas per day (bcfd) from Turkmenistan, India will also receive the same 1.365 bcf and Afghanistan will get 0.5 bcf. Turkmenistan will export natural gas through a 1,800km pipeline that will reach India after passing through Afghanistan and Pakistan.

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## Fuel and Energy: *World*

# Brent oil falls as glut outweighs ME turmoil; US oil up

September 24, 2014

Brent crude oil inched lower on Tuesday as ample global supplies outweighed tensions in the Middle East, while US oil bounced higher after four sessions of losses. For Brent, higher output from Libya and Iraq overshadowed the start of US-led air strikes against Islamist groups in Syria. US crude rallied after earlier falling close to 17-month lows.

Crude oil prices on both sides of the Atlantic have fallen steeply since June as geopolitical fears waned and strong supply, including from the United States, swamped markets. -- Libya and Iraqi oil output, exports rise Libyan oil output has risen to 800,000 barrels per day, with the key El Sharara oilfield restarting, a National Oil Corp (NOC) spokesman said on Tuesday, from 700,000 bpd at the weekend.

Iraq's southern oil exports have increased so far this month to 2.6 million bpd, approaching a record high hit in May. Brent for November delivery fell 12 cents to settle at \$96.85 a barrel after climbing as high as \$97.59 a barrel in early trading. It hit a two-year low of \$96.21 last week. Brent is down nearly 6 percent this month, with the oil benchmark on track for a third straight monthly fall. US crude rose 69 cents to settle at \$91.56 a barrel, rebounding from a session low of \$90.58, which was its weakest since September 11. Its discount to Brent narrowed to around \$5.25 a barrel.

Eyes will now turn to weekly US crude inventory reports from the American Petroleum Institute on Tuesday at 4:30 p.m. EDT (2030 GMT) and from the US Energy Information Administration on Wednesday at 10:30 a.m. EDT (1430 GMT). US oil stockpiles were expected to have risen 400,000 barrels last week, while gasoline stocks were seen down 100,000 barrels and distillate stocks up 600,000 barrels. "Even if we get a bearish inventory report, if hostilities in Syria grow overnight that may trump the stockpile number," said Dan Flynn, analyst at Price Futures Group in Chicago.

Brent had risen earlier in the session as the United States and its Gulf allies started air and missile strikes against Islamic State and other militants. The US military said the strikes, which were carried out with the support of Jordan, Bahrain, Saudi Arabia, Qatar and the United Arab Emirates, were designed to disrupt the threat of an "imminent attack" against US and Western interests. Islamic State vowed revenge, singling out Saudi Arabia, the world's largest oil exporter, for supporting the US-led strikes. The reported shutdown of a gasoline-making unit at Irving Oil's Saint John refinery in Canada, one of the largest refineries supplying New York Harbor, also prompted a jump in refined product prices. RBOB gasoline futures rose more than one percent to \$2.619 a gallon.

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## Total announces cost and investment cuts

September 24, 2014

Total unveiled Monday a cost-cutting programme and further asset sales that will also see the French oil company invest less as it tries to lift its profitability. Chief Financial Officer Patrick de la Chevardiére told investors in London that Total would strive to reduce its operating costs by \$2 billion by 2017, but that no layoffs were foreseen in France.

Chevardiére said overcapacity in the refining sector in Europe was forcing Total to adapt, but said no decisions had yet been taken and that the cost-cutting drive would affect all segments including exploration and extraction. Investments, which peaked at \$28 billion in 2013, are set to fall to \$26 billion this year and to \$25 billion in 2017.

The company said it aimed to sell \$15 billion in assets between 2015 and 2017, having met its goal of \$15-20 billion in disposals in 2012-2014. "Total is continuing its transformation by focusing on strategic assets providing growth and high profitability," it said in a statement in which it targeted profitability above 15 percent.

The company saw its second quarter net profit fall 12.0 percent on a current cost basis, excluding the effects of changes in inventory values, to \$3.15 billion. It forecast production will rise to 2.8 million barrels per day in 2017 from 2.3 million mbd in the second quarter of this year as a number of new projects come on line. This is down from earlier forecasts of 3.0 mbd due to asset sales and delays, however. Chevardiére said work on constructing a natural gas liquefaction plant in Yamal in north-western Siberia was continuing despite EU and US sanctions on Russia. He said the project could no longer be financed in dollars so Total was looking for funding in euros, rubles or yuan.

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## Ukraine crisis: EU warns Russia not to use gas as weapon

September 24, 2014

The European Union warned energy giant Russia on Tuesday not to use gas supplies as a weapon in its stand-off with Ukraine over the fate of its neighbour's separatist east. EU Energy Commissioner Guenther Oettinger said he hoped to reach an "interim solution" with Russia over its three-month-long supply cut to Ukraine when the three sides meet for crunch talks in Berlin on Friday.

Russia halted all gas sales to the ex-Soviet nation in June after Ukraine balked at paying a higher price imposed by Moscow in the wake of the February ouster in Kiev of a pro-Kremlin president. Ukraine still transports volumes of gas intended for Russia's other European clients. But EU nations fear that Kiev may be forced to tap into those flows once the winter heating season

begins.

"The gas sector and the energy sector as a whole should not be a political tool," Oettinger told a forum in Kiev devoted to European energy security. "It should not be a weapon in these difficult times, in the crisis between Ukraine and Russia and between Europe and Russia." Russia supplies Europe with about a third of its gas through a handful of Soviet-era pipelines and the new Nord Stream link that runs under the Baltic Sea and connects directly with Germany.

Ukraine currently transports half of the Russian gas used in European nations. But countries such as Italy receive all their Russian supplies through the Ukrainian link. Oettinger said he hoped to reach a temporary solution to Russia's gas dispute with Ukraine when the sides meet in Germany. "We are checking again to come to a pragmatic solution, an interim solution, a compromise with our Russian contracting partners." But he hinted that EU nations may be forced to expand their current list of sanctions against Russia to include its gas sector if no quick fix is found. "We want to avoid the worst case scenario," said Oettinger.

"It was our and my position to avoid sanctions into... any gas industries. It is our clear preference to come to an interim solution and to get enough gas from Russia." The European Union banned the sale of advanced equipment to Russia's oil companies last month. But it stopped short of following the US lead and taking the same step against Russia's state-held gas giant Gazprom out of fears this may prompt a retaliatory gas cut. Ukraine has accused Russia of "economic aggression" and lodged a \$6.0-billion (4.7-billion-euro) suit with a Stockholm arbitration court after Gazprom hiked its gas price to \$485.50 per 1,000 cubic metres from the \$268.50 it charged the ousted pro-Kremlin administration.

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## Markets

### LSE gains 12.73 points

Tuesday, 23 September 2014 20:16

Posted by Imaduddin

LAHORE: Lahore Stock Exchange here Tuesday witnessed bullish trend by gaining 12.73 points as the LSE Index-25 opened with 5445.12 points and closed at 5457.85 points.

The market's overall situation also corresponded to an upward trend as it remained at 815,800 shares to close against previous turnover of 569,800 shares, showing an upward move of 246,000 shares. While, out of the total 99 active scrips 40 moved up, 9 shed values and 50 remained equal.

The top three Major Gainers of the day were Mari Petroleum Company, Glaxo Smith Kline Pakistan Limited and Treet Corporation Limited by recording increase in their per share value by Rs 20.01, Rs 8.62 and Rs 6.64 respectively.

Fatima Fertilizer Company, Fauji Fertilizer Company and United Bank Limited were among top three, which lost their per share value by Rs 1.10, Re 0.70 and Re 0.66 respectively.

Top three Volume Leaders of the day included Bank Alfalah Limited with 200,000 shares, Byco Petroleum Pakistan with 145,000 shares and Pakistan International Airline Corporation with 120,000 shares.

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### ISE-10 index stays bullish

Tuesday, 23 September 2014 20:15

Posted by Imaduddin

ISLAMABAD: The Islamabad Stock Exchange(ISE) on Tuesday witnessed bullish trend as the ISE-10 index was down by 4.43 points to close at 4538.30 points.

A total of 137,000 shares were traded, which showed a growth of 127,500 shares, when compared with previous day's trading of 9,500 shares.

Out of 157 companies, share prices of 99 companies recorded increase while those of 58 companies decreased and no company remained stable in today's trading.

The share price of Packages Ltd increased by Rs 28.09 while that of Pakistan Tobacco decreased by Rs 47.50 per share.

Silk Bank, Lotte Chemical, Fauji Cement Company remained the top trading companies with 100,500,25,000,5,500 shares respectively.

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## BR Research: *All*

# FBR: Beyond MoUs and reform packages

September 24, 2014

BR Research

Last week, an MoU was signed between the Federal Board of Revenue and the UKs Her Majestys Revenue and Customs office for exchange of information and cooperation on improvement in taxation and revenue collection.

Under the MoU, the UK will provide technical assistance to the FBR over the next three years to help build its capacity and improve tax collection to support economic integration, stability and growth. The two bodies "will work together to help Pakistan achieve its tax targets by helping to develop skills, knowledge and other resources essential for improving its performance in tax collection," according to a Finance Ministry press release.

The Finance Ministry says the UK body will also advise the FBR on innovative solutions and measures to improve tax enforcement and reduce opportunities for tax evasion, where "specific areas of assistance include off-shore taxation, strategic communications and the use of information technology - particularly forecasting and analyzing available information and assessing risk."

All this is hunky dory, but those at UK Department for International Development (DFID) - the organisation that will provide technical assistance under the MoU - the HMRC and indeed the Pakistani Finance Ministry would do well to remember that is not the first time such an exercise has taken place. About the same time last year, Pakistan signed a similar MoU with Turkish tax authorities.

With the help of system automation to bring efficiency and transparency, Turkey has more-than-doubled their tax to GDP ratio in the last 10 years to more than 30 percent today. The idea behind the MoU with Turkey was to co-ordinate the two countries tax departments, so that Pakistan can learn from them. But, as Abdullah Yousuf former FBR chairman noted in a recent sit down with BR Research, there hasn't been any significant progress on that front as yet.

Aside from MoUs, the stakeholders would also like to recall how FBR's story has in fact been a story of failed reforms. In an earlier article written for this newspaper, Dr Ikram ul-Haq, one of the country's renowned tax experts noted how the first domestic initiative for reform between 1996-1999 failed to bring any meaningful results.

"The government had introduced simple taxation but due to poor enforcement it failed to enhance revenues at a satisfactory pace. These were half-hearted reforms and by 1999 tax-to-GDP had slipped to 9.1 percent from 11.6 percent in 1996-7," he said. This was followed by the second phase of reforms at the demand of IMF-World Bank between 2000-2004, where also no serious effort was made to restructure the FBR and improve the processes.

Then there was the famed World Bank-funded Tax Administration Reform Project (TARP) between 2005-09. "Under TARP project, FBR initially planned to allocate \$54.3 million to develop a computer software programme for establishing connectivity among all major four taxes in Pakistan. FBR failed to achieve any such connectivity-on the contrary court battle started between the income tax and sales tax officers. In fact FBR miserably failed to improve universal tax compliance under the TARP between 2005 to 2009," Ikram noted.

TARP was later followed by an extended TARP between 2009-2011 after the "Economic Affairs Division requested World Bank to extend its deadline for meeting the target envisaged under TARP by two years from December 2009 to December 2011," said Ikram.

But whether these packages brought about fruitful change in the FBR, history is a better judge of that. The World Bank itself in its study, titled Implementation, Completion and Result Report issued on the completion of TARP observed that "the current narrow-base of general sales tax (GST) in Pakistan remained almost entirely unchanged throughout 2005-2012, despite efforts to overhaul the indirect taxation structure by introducing a reformed GST

featuring few exemptions and wide coverage of goods and services."

The moral of the story is that FBR seems to have gone beyond the stage of MoUs and reforms. The institution is in shambles, and no amount of reforms will work until it is shaken upside down with systems in place to improve governance, bring transparency, remove corruption, and more importantly a change in mindset at the top. A 2013 BR Research survey of leading businessmen showed that ethics of tax officials was their biggest concern. No amount of MoUs to develop skills and knowledge can bridge such moral deficit.

## Missing the boat, yet again!

September 24, 2014

BR Research

Regional developments during the last few weeks are sowing the seeds of new ties. The worlds second and third largest economies, which are also political arch rivals, are strengthening their presence in South Asia. Japanese PM along with two dozen businessmen was on his maiden visit to Bangladesh followed by a short visit to Sri Lanka.

The Indian premier was on a five days visit to Japan earlier this month where his counterpart greeted him with a promise of \$33 billion investment to build India. A week later, Modi was busy hosting Chinese President in India who has signed numerous MoUs ranging from cultural to economic ties! They are opening up new routes for Indian Pilgrimage, talks of strengthening cooperation in railways and commerce ministries were signing five years trade and economic development plans.

The overall Chinese package for India is close to \$100 billion. Trade ties between the two countries have already blossomed despite tensions on borders-the bilateral trade is around \$70 billion while it was less than a billion dollar thirty years ago.

Indian PM is playing his cards right and has done his homework before coming into power. At one end he is extending arms to Japan, on the other he is holding hands with China while the Chinese leadership has to take India more seriously as it has to counter significant presence of Japan in the region as well. Earlier this month, Xi Jinping also visited Maldives and Sri Lanka where he has shown interest in maritime silk route and Chinese deep sea connection with Sri Lanka that connects South East Asia with the rest of the world.

Meanwhile, Pakistan has missed the boat, again. Visits of Chinese and Sri Lankan presidents were due in the last month but were postponed. The apparent reason to foreign delegation is the political chaos in Islamabad where protesters are on roads for six weeks. The delay of Chinese Presidents visit to Pakistan is certainly a downer. The question is whether the protests are the sole reason for Xi not making his maiden trip to the country or there is something more to it.

His visit to Pakistan was planned ahead of India and that could have sent a signal of better relationship of China with Pakistan. Now Xis successful trip to India has renewed the bilateral relationship of two economic giants.

In the last decade, India courted the West (North America, Western Europe and Australia: the global north) and became the back office of the world in services sector such as IT BPO, banking, medicine, tax and accounting operations. India got both those economic and security dividends (civil nuclear deal with the US, arms deals with the US and France, etc.)

During this period, Pakistan missed out due to its singular focus on security issues at home and abroad. There were expectations of military assistance from the US (CSF, monetary aid, equipment, etc.) more often than lobbying or asking for trade agreements, economic assistance or reforms advisory.

Now with US and NATO exiting from Afghanistan, Western interest in Pakistan is diminishing. The deferment of Chinese President visit is a setback, if not a debacle, for the Pakistani government that has seemingly put all its eggs in the Chinese basket to plug gaping holes in the countrys energy and infrastructure sectors. China is Pakistans biggest trade partner with an annual bilateral trade of around \$15 billion.

President Xis now-delayed visit had garnered high hopes in Pakistan. His engagements were supposed to be focused on bilateral investment opportunities. Already, China has reportedly pledged to invest \$32 billion in Pakistan in energy (\$20bn) and infrastructure projects (\$12bn) in the coming 5-7 years. President Xi was also to inaugurate a portion of the Lahore-Karachi motorway, besides a couple of mega power projects that are being implemented by the Chinese companies.

There is an array of imported coal-based power projects in Punjab which are directly or indirectly linked with China. Chinese firms either own the projects or are operating the Pakistan government owned plants or Chinese banks are financing local groups projects. All of them are a bit delayed. The confidence of the local entrepreneurs rather shaky and business community is hoping for economic normalcy to regain soon.

The political clash amongst Pakistani leaders is doing no good for shaping up regional ties. The leadership both from the government and opposition attempted to politicize the Chinese delegation visiting Pakistan and that has further dampened the confidence, as the PTI perhaps

does not perceive Chinese investment as a savior to Pakistan, while PMLN is passing the buck of investment to private sector. The Chinese are observing the situation and are probably waiting for the dust to settle before materializing mega projects.

There is already reluctance on part of Chinese investors to comply with Pakistans public procurement rules. President Zardari tried to accommodate those concerns but he could not succeed in bypassing the rules. It is not clear whether or not the Sharif government has smoothened things out on that front, along with the issue of limited state capacity to execute massive projects.

It is clear that the Chinese investors cannot be bypassed from all the rules. But a middle ground can surely be found. If the Chinese are going the extra mile, perhaps their counterparts can also reciprocate through some legally-sound amendments in the pre-qualification and bidding processes.

Nonetheless, it seems that the Chinese have decided to swim deeper into Pakistani waters rather than their recent, occasional toe-dipping practices. It seems that the Chineses strategic and economic interests are finally converging-in and for Pakistan.

Pakistans sea ports entice China. Gwadars deep-sea port opens up Chinese access to the Strait of Hormuz, which connects the Persian Gulf and the Arabian Sea and is a major oil transport channel. Besides, the distance of Western China from Gwadar or Karachi ports is apparently shorter than from seaports in Eastern China.

It also makes more economic sense for China to use the shorter route for the mineral resources being imported from African countries. Such logistics, and the strategic connotations they imply, have apparently convinced China into developing port infrastructure in Pakistan and constructing highways along the Silk Route to facilitate goods transportation.

Pakistan is set to gain a lot. The economic vibrancy of its northwestern region was historically due to it being used as trade corridor. With China entering the fray in a big way, the corridor can be revived in coming years. However, of immediate importance for Pakistan are energy-sector projects, inter-city highways and railways, and intra-city metro bus/rail systems, which are to be built with Chinese investment.

Theres a lesson for Pakistan: look inwards and constructively engage with your neighbours. By postponing his visit, President Xi may be advising Pakistanis the same.

## **NML buoying on other income**

September 24, 2014

BR Research

Nishat Mills Limited (NML) posted almost a six percent decline in net earnings on year-on-year basis owing to subdued top line performance due to sluggish demand for cotton yarn in the Chinese market, in consort with feebler yarn margins. The benefits of the award of the GSP+ at the beginning of the year were significantly dwarfed as a result of the 10 percent appreciation of

rupee against the dollar in the FY14 period.

Operating costs have climbed considerably in the past year. Increase in minimum wage rate coupled with rising fuel costs, in spite of the fact that NML has its own captive power plant, possibly will just be some of the cost pressures on the company that are likely to remain with NML and the economy in the near future.

However, an increase in other income on the back of dividend received from NPL, Lalpir Power Limited, MCB and Pakgen Power Limited year offered a breather to the bottom line, whereas financial charges continued to be stable around Rs1.6 billion.

The future outlook for the group stays robust, regardless of supply side pressures on the firms core business. The investments in associated firms especially the power division and banking are expected to retain the balance sheet rock-solid.

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Nishat Mills Limited

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Rs (mn)	FY13	FY14	chg	
Net Sales	52,426	54,444	4%	
Cost of sales	43,382	46,580	7%	
Gross profit	9,044	7,864	-13%	
Distribution and marketing expenses	2,529	2,554	1%	
Administrative expenses	870	1,032	19%	
Profit for the period	5,847	5,513	-6%	
EPS (Rs)	10.29	6.61		
Gross profit margin	17.3%	14.4%		
Operating profit margin	10.8%	7.9%		
Net profit margin	11.2%	10.1%		

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## Crime News

# Islamabad: Capital police arrest 1,112 outlaws during current year

**ISLAMABAD:** Islamabad Police has arrested 1112 criminals allegedly involved in drug pushing, bootlegging and possessing illegal weapons during current year besides recovering huge cache of contraband, a police spokesman said.

In crackdown against drug pushers, bootleggers and those possessing illegal weapons, Islamabad police recovered 95.746 kilogram hashish, 7.421 kilogram heroin, 555 gram opium, 9978 wine bottles, 21 Kalashnikovs, 24 rifles, 44 guns, 431 pistols and 7,226 rounds.

A total of case 931 cases have been registered against these nabbed persons.

With an objective to ensure improvement in policing affairs, Islamabad police took several steps to come up to the expectations of the people and enhance output.

**IGP Islamabad Tahir Alam Khan** has stressed for effective steps to curb crime and activities of anti-social elements.

He said that Islamabad police force is committed to provide protection and fool proof security and exhorted to use available resources with Islamabad police force honestly for better output.

**SSP Islamabad, Asmat Ullah Junejo** has said that Islamabad police force is cognizant of challenges and every possible effort would be made to curb crime.

## 44kg of hashish seized in Peshawar

**PESHAWAR:** The district police on Monday claimed to have seized 44 kilograms of hashish, recovered a stolen vehicle and arrested six accused in different actions in the metropolis. **CCPO Ejaz Ahmed**, taking action on a tip-off received about smuggling of a huge quantity of drugs from Peshawar, directed the **SSP Operations** to beef up security at all police pickets at entry and exit points of the city and check each and every vehicle.

During the checking, a police team intercepted a vehicle bearing registration number **BA-4495** near **Board Bazaar** and recovered 40 kilograms of hashish concealed in secret cavities of the vehicle. The police arrested **Mukhtiar**, resident of **Wazir Bagh**, on the spot and started interrogation that led to arrest of one more accused, **Kamran**, resident of **Kohati**. Meanwhile, another police team intercepted a car bearing number **BL-3667** and recovered four kilograms of hashish during the search.

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## 2 suspects held in Quetta, pistol recovered

**QUETTA:** Police arrested two alleged suspected persons and recovered a pistol from their possession at Killi Umar area of the city on Monday.

According to police, **Rozi Muhammad** and **Nasrullah** were apprehended along with a pistol by police team during patrolling. “They were involved in different cases of crimes in the area,” the police said. Further investigation was underway, they added.

## Peshawar Police claim arresting terrorist

**PESHAWAR:** The cops from the **Nasir Bagh Police Station** on Monday said they had arrested a terrorist with eight kilograms of explosives and other accessories.

One **Rizwanullah** of **Pishtakhara** was arrested on a tip-off. The police claimed to have recovered eight kilograms explosives, eight batteries, prima cord and remote-controlled devices from him. Also, the police have arrested a suspected militant, who is said to be involved in a number of attacks in **Karachi** and other parts of the country.

## Dacoits held, booty recovered in Mandi Bahauddin

**MANDI BAHAUDDIN:** DPO **Syed Junaid Arshad** Monday claimed arresting three dacoits and recovering stolen things from their possession by **Kuthiala Sheikhan Police**. Addressing a press conference at his office, the DPO said six dacoits of **Maqsooda gang** named **Maqsood Tarar**, of **Kung Sahali**, **Mansha Ranjha**, of **Pandawal**, **Naveed Ranjha**, **Imtiaz Sial**, **Azhar Iqbal** and **Mukhtar Ranjha**, were wanted in eight cases of robbery by police. He said police arrested three dacoits of the gang and recovered stolen seven motorcycles and **Rs 6 lakh** from them.

Police also arrested five dacoits of another gang comprising **Bilal Syed**, of **Kala Shadian**, **Imran**, **Ghulam Abbas**, **Noman**, **Shabbir Ahmad** and recovered stolen things from them.

The police also arrested four dacoits of **Shoka gang** and recovered stolen things from their possession.



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## Miscellaneous News

# Backing: Government decides to give legal cover to gas cess

By Zafar Bhutta

Published: September 24, 2014

ISLAMABAD:

**In a bid to give legal cover to collection of more than Rs100 billion in gas infrastructure development cess (GIDC), the federal government has decided to issue an ordinance following the Supreme Court's dismissal of a plea to legalise the levy.**

In the meantime, the Ministry of Petroleum and Natural Resources has filed a review petition against the court decision.

Speaking at a press conference here on Tuesday, Petroleum Secretary Abid Saeed said the government had decided to issue the ordinance on Tuesday to continue collecting the cess as the law ministry had given the go-ahead.

If the court dismissed the review petition, the approval of cess would be sought from parliament through a money bill.

Petroleum Minister Shahid Khaqan Abbasi told the media that the government had collected Rs84 billion in cess from gas consumers since 2011 and compressed natural gas (CNG) stations and fertiliser producers owed another Rs22 billion.

“This money will be spent on laying Iran-Pakistan (IP) and Turkmenistan, Afghanistan, Pakistan and India (TAPI) gas pipelines, liquefied natural gas (LNG) imports, regulation of liquefied petroleum gas (LPG) prices and gas infrastructure.”

He revealed that an LNG transporting pipeline would be laid from Karachi to the country's north at a cost of Rs100 billion to enhance the capacity. The current pipeline network can transport 280 million cubic feet of LNG per day.

Talking about the IP pipeline, Abbasi said talks were going on with Iran as Pakistan could face a penalty if it failed to execute the project. “The government has served a force majeure notice on Iran.”

The project cannot be implemented because of US sanctions and to show its seriousness the government is proposing an alternative plan under which an LNG pipeline will be laid from Gwadar to Nawabshah.

Abbasi was of the view that the plan was commercially viable with support from Japan, Russia and China, which had taken keen interest in participating in the project.

“After US sanctions are lifted, we will award a separate contract for laying a 70km pipeline to connect with the Iranian border.”

### **Gas theft**

Giving the estimate of loss caused by gas theft, the petroleum minister claimed that Sui Northern Gas Pipelines was losing Rs10 billion in revenue in the wake of 4% gas theft, of which 2.5% was detected in Karak, Khyber-Pakhtunkhwa.

“We have planned to launch a Rs8 billion project on a cost-sharing basis with the province to legalise gas connections in this area,” he said, adding K-P had agreed to contribute to the cost.

The minister pointed out that a consultant of the Oil and Gas Regulatory Authority (Ogra) had recommended setting the unaccounted-for-gas (UFG) ceiling at 7.5%, but the regulator did not accept it. Now, it has hired a new consultant for undertaking the study afresh.

“We will issue policy guidelines to the regulator to bail out gas utilities, which require technology to check theft as even the gas theft law has failed to bear fruit.”

### **LPG prices, LNG import**

Abbasi announced that the government intended to regulate LPG prices, for which a proposal would be tabled before the Council of Common Interests (CCI).

He declared that the country would experience load-shedding in winter in the same way as it faced last year. “If we are able to import LNG, then the situation may be better.”

The government is also working on a plan to facilitate the private sector in supplying LNG to the CNG industry. LNG would be 30% cheaper than petrol and Ogra would not regulate prices, he said.

He stressed that the government was working on two options for LNG import – a government-to-government deal and invitation of bids. It is in contact with a consultant to decide whether a long-term LNG import deal should be sealed.

Abbasi announced that the government would appoint heads of oil and gas companies considering recommendations of the board of directors. He also warned that action would be taken against officials of Oil and Gas Development Company (OGDC) which were involved in delaying contracts for Nashpa and Kunnar Pasakhi Deep fields.

The ministry is also working on a policy to install separate gas meters in industrial units –one covering gas supply to captive power plants and another recording industrial consumption.

*Published in The Express Tribune, September 24<sup>th</sup>, 2014.*

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# Redrafting: CAA plans to introduce new aviation policy by month-end

By Saad Hasan

Published: September 24, 2014

KARACHI:

**The Civil Aviation Authority (CAA) plans to introduce a new aviation policy by the end of September which will require start-up airlines to have a higher paid-up capital and more aircraft, officials told *The Express Tribune*.**

The policy will also focus on lowering taxes on domestic airlines and offer unilateral rights to Asian carriers, they stated, after a high level meeting chaired by Shujaat Azeem, adviser to the prime minister on aviation, was held on Tuesday at the CAA headquarters to review progress on the national aviation policy.

It has been seven years since the former director general of CAA, Farooq Rehmatullah oversaw preparation of a liberal aviation policy, which was never properly implemented.

“The basic idea is to encourage the aviation sector by offering tax breaks to domestic carriers,” said an official who is involved in the consultations. “For instance, the 17% sales tax on airlines is a major setback.”

But the rationalisation of taxes depends on the government, he said.

“We will try to push the idea forward as multiple taxes on everything from fuel to the import of spare parts have eroded the profits of our airlines. We need to come up with some sort of a cushion,” he said.

As per the proposals in the policy it is apparent that the CAA has decided to discourage weak players from entering the airline business. The new policy will require start-up airlines to have a paid-up capital of Rs500 million against the current limit of Rs100 million.

Similarly, new airlines will need to acquire at least five aircraft against the present requirement of three. “We are doing this to encourage genuine investors.”

When Pakistan adopted the open sky policy in 1990s, more than 20 airline licences were issued to different business groups, however, none of them except Shaheen survived.

Last airline to declare bankruptcy was Aero Asia. This was primarily because the investors who had bought the licences were not financially strong.

The new aviation policy also envisages encouraging private shuttle services to secondary stations like Benazirabad and Bahawalpur. “It is being proposed that they should be exempted from CAA

taxes and the paid-up capital requirements for these ventures are set at minimum,” the official said.

The CAA wants to go a step ahead and put up abandoned airports for auction. “We would really like to see private investors take control of airports in cities like Hyderabad and Panjgur.”

The previous policy prepared during the tenure of Rehmatullah also envisaged such an approach but it was never materialised.

The official said that the CAA is also conscious about the exit of Asian airlines from Pakistan. “That is why we intend to offer unilateral open skies to airlines of the Saarc members. This means they wouldn’t necessarily have to reciprocate by offering us flights,” he said.

Airlines including Cathay Pacific, Singapore Airlines, and Malaysian Airlines have scaled back their operations since 2008, partly due to concerns related to the security of their employees.

Only 19 foreign carriers started their operations in Pakistan. Other than the airlines originating from Gulf countries, the only notable carrier making stops in the country was Cathay Pacific.

“When it comes to attracting more airlines, a lot depends on the security situation,” the official said.

*Published in The Express Tribune, September 24<sup>th</sup>, 2014.*

## **PALPA cries foul over ‘mistreatment’**

By Our Correspondent

Published: September 24, 2014

KARACHI:

**The Pakistan Airline Pilots’ Association (Palpa) announced on Tuesday that its members will no longer sign a form, which forces them to disclose the amount of foreign currency they bring into the country.**

The move comes after Palpa President Captain Amir Hashmi – along with other PIA crew – was ‘detained’ by Pakistan Customs at the Lahore airport on September 21 for allegedly smuggling a dozen mobile phones and foreign currency.

“Let me be clear that no charge has been pressed against us. They didn’t have anything,” Hashmi told a press conference, which was his first since winning elections earlier this year. “No mobile phone was recovered from me.”

The widely reported incident led to protests by PIA crew and delay of another international flight. “Even before my bags were completely checked, news channels had broken the news.”

Narrating the incident, Hashmi said that after the flight from London had landed, he was taken aside by Deputy Collector Usman Bajwa and informed that Customs wanted to search the crew on the basis of some information.

“That was a routine matter so we complied. But when my first officer took out between \$500 and \$1000, Customs raised objections. I stepped in to tell them that there was more money on me. It was not a big deal and their objection was absurd,” he said.

Pilots receive flying allowance from airlines and, like any Pakistani citizen, they are allowed to bring a maximum of \$10,000 without declaring, he said.

“But Customs officials used the excuse of Crew Declaration Form to insist that we should tell them how much foreign currency we were bringing. Why should we when even put together the entire crew had around \$5000?”.

The form, based on rules made in 1949-50, specifies declaration of only Pakistani rupees, Hashmi said. “We haven’t broken any rules and Customs officials were aware of this. They just wanted to malign us.”

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## **Banking services: SBP sanctions Meezan’s acquisition of HSBC**

By Our Correspondent

Published: September 24, 2014

KARACHI:

**The State Bank of Pakistan (SBP) has sanctioned the scheme of amalgamation of HSBC Bank Middle East-Pakistan with and into Meezan Bank, according to a notice sent to the Karachi Stock Exchange (KSE) on Tuesday.**

The scheme will be effective for 60 days, it added.

Earlier in May, the SBP had allowed Meezan Bank to acquire Pakistan operations of HSBC subject to the fulfilment of all regulatory requirements.

An indirect, wholly owned subsidiary of HSBC Holdings, HSBC Pakistan consists of 10 branches and had total assets of Rs48 billion at the end of 2013.

Meezan Bank has already stated that it intends to make the operations of HSBC Shariah-compliant while ensuring that the existing customer base continues to receive uninterrupted banking services.

Meezan Bank has the experience of acquiring a foreign bank and converting its operations from conventional to Islamic. It acquired Societe Generale in Pakistan through a similar transaction in 2002.

The Competition Commission of Pakistan also gave its go-ahead to the proposed transaction and issued a no objection certificate in August. The deal is expected to complete before the end of 2014.

The information about the size of the transaction is still not in the public domain. According to Reuters, the sale of HSBC Pakistan is part of a strategy by Europe's biggest bank to exit from countries where it is unprofitable or lacks scale.

Being the second most populous Muslim country, Pakistan has been a profitable market for Islamic banks. As many as five Islamic banks operate in Pakistan while 14 conventional banks offer Islamic banking services through window operations.

The year-on-year increase in deposits by each of the five Islamic banks in 2013 was in excess of 17%, with Meezan Bank's deposits rising 25.7% to Rs289.8 billion.

Like most foreign banks, the clientele of HSBC Pakistan consists mainly of multinational companies with headquarters in European countries.

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## **SSGC seeks ministry's help in tariff determination**

By Our Correspondent

Published: September 24, 2014

ISLAMABAD:

**Sui Southern Gas Company (SSGC) has sought assistance of the Ministry of Petroleum and Natural Resources in determining the company's revenue requirement and subsequent finalisation of annual accounts in an effort to shield the interest of consumers and shareholders.**

In a letter sent to the ministry on September 19, SSGC Managing Director Shoaib Warsi said the company had a good financial credibility, but its inability to finalise annual accounts was causing grave concern and anxiety among financial institutions and banks.

"We would like to inform you that the final revenue requirement of SSGC is determined by Ogra (Oil and Gas Regulatory Authority), which is a statutory requirement under the Ogra Ordinance," Warsi said.

“SSGC submitted its initial accounts to Ogra by August 15, 2013, however, it has not yet received the final revenue determination for financial year 2012-13.”

The gas transmission and distribution company, therefore, is not in a position to finalise the accounts for consideration of the audit committee and the board and subsequent approval of shareholders in the annual general meeting.

The company has delayed the annual general meeting and got an extension from the Securities and Exchange Commission of Pakistan (SECP) in this regard.

The Karachi Stock Exchange, in a letter dated September 4, urged SSGC to resolve the matter of non-publishing/non-approval of annual accounts on an urgent basis in order to protect and safeguard the interests of shareholders.

According to Warsi, if Ogra does not provide the final tariff determination, the annual accounts for the period ended June 30, 2013 will continue to remain pending, which in turn will affect finalisation of accounts for next year as well and result in the company failing to meet legal requirements for two years. “This matter raises serious concern within and outside the company,” he remarked.

In the light of the situation, the SSGC managing director asked the petroleum ministry to intervene and take up the matter with Ogra for final determination of the revenue requirement. This, he added, would enable the company to finalise the accounts for 2012-13.

*Published in The Express Tribune, September 24<sup>th</sup>, 2014.*

## **Reko diq project: Dar reviews arbitration case progress**

By APP

Published: September 24, 2014

ISLAMABAD:

**Minister for Finance, Senator Muhammad Ishaq Dar chaired a meeting to review progress of arbitration in International Centre for Settlement of Investment Disputes (ICSID) on the Reko diq Project.**

A statement issued by the Ministry of Finance said that different aspects of the arbitration came under discussion during the meeting.

The participants expressed that once initiated, the project would contribute massively to the economic uplift of the Balochistan province, creating a number of jobs and help lift people out of the poverty line.



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The meeting agreed to make all out efforts for speedy settlement of the arbitration issues so that further progress could be made.

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## **Prospective: Belarus eyes Pakistan as lucrative market**

By PPI

Published: September 24, 2014

ISLAMABAD:

**Belarus is interested in broadening relations with Pakistan as both countries possess the potential to expand bilateral trade, said the newly-appointed Ambassador of Belarus to Pakistan Andrei Ermolovich.**

He was interacting with businessmen during his visit to the Islamabad Chamber of Commerce & Industry (ICCI).

Ermolovich said Belarus' exports to Pakistan are confined to limited items including tractors, tyres, spare parts, chemical fibres and petrochemicals. "There is room for development in various other sectors including agriculture, energy, IT, steel and furniture."

He said the chambers in both countries should enhance direct interactions and sign MoUs to explore new areas of mutual collaboration.

He was hopeful that planned establishment of railway links between Pakistan and Turkey will greatly facilitate promotion of trade between Pakistan and Belarus as it will shorten the route and provide better access to Pakistan to Scandinavian countries.

In his welcome address, ICCI President Shaban Khalid said that Pakistan is looking for new markets and trade partners as the government has offered attractive incentives to foreign investors. "It is high time the companies of Belarus explore Pakistan for investment and joint ventures."

Khalid added that Pakistan's steel industry possesses potential for growth and Belarus should consider setting up steel manufacturing plants in the country.

"Pakistan is trying to establish road links with Afghanistan and Central Asian countries and improved relations of Belarus with Pakistan would provide easy access to these markets," said Khalid.

He urged that Pakistan and Belarus should facilitate their private sectors in establishing direct contacts.

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## Check and balance: Trade imbalance alarming

By PPI

Published: September 24, 2014

KARACHI:

**The Union of Small and Medium Enterprises (Unisame) invited Finance Minister Ishaq Dar's attention towards the increase in trade deficit by 28% within two months of the current fiscal year.**

Pakistan's trade imbalance was recorded at \$4.243 billion during July and August of financial year 2014-15 as against \$3.308 billion of the corresponding period of the previous year, showing a rise of 28.3 percent.

“Due to the World Trade Organizations (WTO) promotion of free trade regulations, the government cannot ban import of any item and place it on the negative list but it can check the imports made from undisclosed money,” said Unisame President Zulfikar Thaver, lamenting the unnecessary imports of soft drinks, confectionary, clothing and leather goods. Merchants import goods to distribute throughout the country and pass it across the borders.

*Published in The Express Tribune, September 24<sup>th</sup>, 2014.*

## Services chiefs vow to eradicate terrorism

By Our Correspondent

Published: September 24, 2014

ISLAMABAD:

**Military chiefs on Tuesday vowed to eradicate terrorism from the country as another 19 suspected terrorists were killed in fresh air strikes in North Waziristan Agency.**

On a day when warplanes targeted suspected hideouts of militants in Dandi Kachkol area near Ghulam Khan and Gurbaz and Mana area near Pasht Ziarat in North Waziristan, a meeting of Joint Chiefs of Staff Committee was held at the Joint Staff Headquarters in Rawalpindi to review progress in Operation Zarb-e-Azb.

The meeting was presided over by General Rashad Mahmood, Chairman Joint Chiefs of Staff Committee, and attended by Chief of Army Staff General Raheel Sharif, Chief of Naval Staff Admiral Mohammad Asif Sandila, Chief of Air Staff Air Chief Marshal Tahir Rafique Butt,

Secretary Defence and senior military officers from the three services, said the Inter-Services Public Relations (ISPR) in a statement.

The JCSC is a quarterly meeting of senior military leadership to assess and evaluate operational preparedness of all three services.

According to the ISPR, the participants appreciated the strides against the menace of terrorism and the progress made in Operation Zarb-e-Azb. The meeting reaffirmed the resolve of the armed forces to eradicate terrorism from the country as per a comprehensive security strategy.

The satisfaction over the standard of preparedness of the armed forces to take on the upcoming challenges being faced by the country was also expressed in unequivocal terms.

The military operation in North Waziristan, which was considered a hotbed of several local and foreign militant outfits, was launched in June this year.

The military claims to have taken control of major towns of the troubled agency bordering Afghanistan. Over 1,100 suspected militants have so far been killed in the operation while close to 90 soldiers have also lost their lives.

A senior military official said that the army wanted to purge the entire region of militants before the onset of winter season but added that rehabilitation and stabilisation operations would take months.

*Published in The Express Tribune, September 24<sup>th</sup>, 2014.*

## Rs42 billion scam: EOBI ex-chairman arrested outside SC

By Asad Kharal / Hasnaat Malik

Published: September 24, 2014

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LAHORE / ISLAMABAD:

**The former chairman of the Employees Old Age Benefit Institution (EOBI), Zafar Iqbal Gondal, was arrested on Tuesday from the Supreme Court premises. Zafar, the main accused in the Rs42 billion EOBI scam, is the brother of Pakistan Peoples Party's senior leader Nazar Muhammad Gondal.**

Gondal remained in the SC lawyers' bar room for more than three hours in order to avoid arrest by a seven-member team comprising officials from the FIA Punjab chapter and Islamabad zonal office. An FIA report said Gondal's answers during investigation do not exonerate him from his illegal actions and his physical custody is important for further interrogations.

Earlier, the former EOBI chairman filed an application for protective bail before a three-member bench headed by Justice Saqib Nisar, praying the FIA was harassing him and an order should be passed not to arrest him.

The FIA deputy director in Lahore, Khalid Anees, informed the court that six people, including Muhammad Iqbal, Wamic Anwar, Arif Azad, Waheed Khurshid, Najam Saeed and Khurshid Qamar, have already been arrested in the case.

The bench after hearing the arguments of both the parties dismissed the ex-EOBI chairman's application. Six cases have been registered against Zafar Gondal in Islamabad police stations, seven in Lahore and two in Karachi. So far, he has obtained bail from different courts.

The EOBI chairman had allegedly caused a loss of Rs42 billion to the exchequer by investing huge amounts in private sector projects without approval from the Board of Trustees. The projects included a purchase of plots in DHA, purchase of a plaza in F-7 Markaz Islamabad, two 4300 cc Prado cars for the chairman, two plots in Sukkur, the development of a cricket ground in Islamabad, purchase of plots from CDA, 40 kanal lands in Lahore, purchase of four floors of a hotel in Lahore, construction of a 7-star hotel in Lahore, construction of M-9 Motorway and purchase of 20 kanal land near Karachi airport on exorbitant prices.

Sources told *The Express Tribune* that 15 cases have been registered against Gondal and other accused regarding illegal purchase of properties at much higher rates as compared with open market rates.

Upon completion of investigation and an end of the physical remand period, Gondal will be handed over to the FIA Karachi, according to Dr Usman Anwar, the FIA director in Punjab. Anwar also said that the accused can only be released from jail if he is bailed in all 15 cases filed against him in Lahore, Islamabad and Karachi.

*Published in The Express Tribune, September 24<sup>th</sup>, 2014.*

## **Terror revisits Peshawar: 5 killed in suicide attack targeting FC convoy**

By AFP / Riaz Ahmad / Photo : Muhammad Iqbal

Published: September 24, 2014

**PESHAWAR:**

**A deadly car bombing targeting a senior military official broke a relatively longer lull in militant violence in the country on Tuesday. DIG Frontier Corps Brigadier Khalid Javed survived the vehicle-borne suicide attack that killed five people on Saddar Road near Peshawar press club early in the morning.**

The Tehreek-e-Taliban Pakistan (TTP) claimed responsibility for the attack that also left 21 people wounded, calling it a revenge for the ongoing military operation in North Waziristan Agency.

“The suicide bomber was driving a Suzuki Mehran rigged with explosives and his target was the FC convoy,” SSP Operations Najeebur Rehman told *The Express Tribune*.

The bomber was waiting by the roadside and as soon as the FC convoy approached he detonated the explosives packed in his car. At least three vehicles, including one belonging to the FC, were destroyed in the blast.

Broken glass, blood-stained sandals and human limbs littered the scene of the explosion, where one vehicle was reduced to a heap of mangled metal while the wreck of another smouldered.

An official from the military’s media wing told *The Express Tribune* that initially 10 injured and one dead were shifted to the Combined Military Hospital (CMH). Of the injured, eight were FC personnel, one was policeman and one was civilian. He added that three dead – including an FC soldier – and eight injured were driven to the Lady Reading Hospital (LRH).

Brigadier Khalid is also said to be among the injured, but his condition is stable.

Medics at the LRH identified the dead as Zareen Khan Afridi (FC soldier) and passersby Saba Gul and Muhammad Zahir Khan. Another injured, Lal Zada, succumbed to his injuries at the hospital. They added that 11 injured, including two FC men, were received at the LRH.

Soon after the bombing, FC troops started firing gunshots into the air to stave off any subsequent threat which caused panic among residents of the cantonment area.

Witness Fazale Karim said that he was walking past the area when the attack took place. “There was a deafening boom and a pall of dust and thick black smoke enveloped the area. When the smoke cleared FC men started firing randomly into the air. We could see people lying on the ground but could not help,” he told *The Express Tribune*.

Factory worker Inayatullah, who also received shrapnel wounds, said he was travelling in a passenger van which was driving behind the military convoy when the bomber struck. “I saw a military jeep and suddenly there was a huge explosion. I lost consciousness soon after and when I came to my senses I found myself here,” he told *The Express Tribune* from his hospital bed.

The head of the Bomb Disposal Unit, AIG Shafqat Malik, also confirmed that it was a suicide attack. “The car was packed with around 45 kilos of explosives along with artillery shells,” he said, adding that luckily it was not a crowded area otherwise the death toll would have been much higher. The TTP faction led by Mullah Fazlullah claimed responsibility for the attack, vowing revenge against the ruling Pakistan Muslim League Nawaz (PML-N) for Operation Zarb-e-Azb.

Speaking to AFP by telephone, the group’s spokesman Shahidullah Shahid said: “We claim responsibility for Tuesday’s Peshawar attack. We have no loss from Operation Zarb-e-Azab.” He claimed that his group was still as active as the past and “will show the mirror to the PML-N as we showed the ANP [Awami National Party].”

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The ANP ruled Khyber-Pakhtunkhwa from 2008-2013 and was regularly targeted by the Taliban who killed hundreds of its workers and some senior figures.

*Published in The Express Tribune, September 24<sup>th</sup>, 2014.*

## 2013 general elections: Electoral body's report vindicates PTI, says Imran

By Our Correspondent

Published: September 24, 2014

ISLAMABAD:

**A day after the Election Commission of Pakistan (ECP) published a long-delayed review of the 2013 polls on its website, Pakistan Tehreek-e-Insaf (PTI) chairman Imran Khan said that his party stands vindicated as the report endorses its allegations of massive rigging in the elections.**

In the Post-Election Review Report 2013, the ECP admitted serious shortcomings in the electoral process giving credence to rigging allegations. The commission, however, disowned the report on Tuesday saying it was a “summary of the recommendations received from various stakeholders”.

“The [ECP] report has now confirmed that the 2013 elections were massively rigged,” Imran told his followers from atop his custom-built container at Islamabad’s D-Chowk. The PTI workers have been camping in the federal capital for the past 40 days calling for the prime minister to step down.

The ECP printed extra ballot papers which, according to Imran, “paved way for the PML-N to get its desired results by rigging the polls in various constituencies.”

“After the ECP revelation we have detected another lie of [PM] Nawaz Sharif,” said Imran, who claimed that the coming Friday will witness a historic crowd of his followers in Islamabad, followed by another massive show in Lahore on Sunday. “We will also set electricity bills on fire at Minar-e-Pakistan,” he added.

The PTI chief also warned top officials of the National Database Registration Authority (NADRA) against manipulating the election results. “Acting Chairman of NADRA Imtiaz Tajwar, who is involved in manipulation of results, could be tried under Article 6 of the Constitution,” he said.

Imran reiterated his allegation that former chief justice Iftikhar Muhammad Chaudhry had facilitated the PML-N get desired results in the elections. The PTI chairman warned that he would expose Iftikhar Chaudhry’s alleged role in rigging if he [Iftikhar] pursued the defamation suit against him [Imran] in the court. He called Iftikhar Chaudhry ‘Mir Jaffar [traitor] of Pakistan’s democracy’.

Earlier, PTI Vice Chairman Shah Mahmood Qureshi accused the government of dragging its feet on the 'stalled talks' with the PTI and Pakistan Awami Tehreek (PAT). The Pakistan Muslim League-Nawaz should break the deadlock and discuss all issues, including allegations of rigging and electoral reforms, because the PTI believes in a comprehensive dialogue, Qureshi told a news conference in Islamabad.

"Why has the government not announced the proposed commission to look into rigging yet," he asked. "The government wishes to continue ruling the country with its rigged mandate."

Flanked by MNA Shireen Mazari, PTI Secretary General Jahangir Tareen and other senior party leaders, Qureshi also asked why the ECP did not publish the review report even as it had been prepared in December. He added that the report endorsed his party's stance on the scale of rigging in the 2013 elections.

The ECP report is a charge sheet against the top poll body, Qureshi said. "The ECP report admitted that there were problems with printing ballot papers. The fudging process during the last elections started from here," he added.

"The nation wants to know why the government failed to take action against those who polluted the elections." He also commented that ECP managerial staff was in some cases unable to reach polling stations due to the lack of transport.

The ECP scrutiny cell was not functional and never probed rigging allegations, Qureshi said. The modern electoral system provided by the United Nation Development Programme was a complete failure despite billions of rupees of investment in it.

There was discriminatory treatment when it came to extending the polling time, he observed. "Time was extended at some polling stations and was not extended at others," he said.

Additionally, the PTI leader said the caretaker setup failed to handle the ECP managerial staff as polling started late at hundreds of polling stations nationwide. Qureshi also questioned why the required magnetic ink was not used in the elections. "Has the ECP held anyone responsible for not using magnetic ink?" he asked.

*Published in The Express Tribune, September 24<sup>th</sup>, 2014.*

## **'Illegal' chopping: CDA to conduct fresh probe**

By Our Correspondent

Published: September 24, 2014

ISLAMABAD:

**The Capital Development Authority (CDA) has formed a new committee to probe the cutting of over two dozen costly and mature trees in the Diplomatic Enclave in Sector G-5.**



The issue of cutting 34 Shisham trees without fulfilling codal formalities while developing a new car park adjacent to the under-construction US Embassy complex in the Diplomatic Enclave surfaced back in 2010.

The embassy, in 2010, had sought permission for a temporary parking near the embassy, where 34 fully-grown Shisham trees stood.

According to preliminary findings, available with *The Express Tribune*, then CDA Member Environment Mian Abdul Waheed granted approval with a condition that the trees would not be axed in the development of the parking lot.

But then CDA Deputy DG Environment Iftikhar Awan, allegedly exceeding his official power, issued a written approval to remove the trees. Awan was not authorised to accord such approval, the inquiry found. And then the trees came crumbling down.

When informed, CDA environment wing officials visited the site and prepared a damage report. They said the approval and the subsequent removal of trees was illegal and liable to departmental action.

### **The legal way**

As per defined procedure, the office of the CDA member environment is the competent authority to grant permission to cut trees. It is done after a proper assessment of the trees and the situation.

From the respective forester to the environment DG, five officers give their recommendation to the report after personally visiting the site. After having favourable recommendations from all forums, a no-objection certificate (NOC) is issued clearly mentioning that these trees would be auctioned at the site. But in this case no such procedure was adopted and yet the NOC was issued.

When the probe was launched in 2010, junior CDA officials presented to the inquiry committee a written approval from the office of the deputy DG environment instead of an NOC from the office of CDA member environment.

The previous inquiry, which has not been finalised to date, found the deputy director (protection), deputy director environment and a forester involved in the illegal cutting of trees, whose value has been worked out at Rs1 million by the environment wing.

Since the inquiry was inconclusive, CDA Chairman Maroof Afzal on Thursday dissolved the previous committee and appointed DG Water Management Shahid Mahmood as the new inquiry officer.

### **Awan refutes allegations**

Iftikhar Awan, however, has denied that he issued any approval to cut down the trees. He said some officers in the CDA were trying to drag him into the case.

He said he had recently moved court against the appointment of a senior official at environment wing in violation of the seniority list and that is why he is being incriminated on these ‘bogus’ charges.

“The area from where the trees were chopped does not fall under my administrative control,” Awan told *The Express Tribune*.

He questioned why the CDA did not take any action when hundreds of trees were chopped during the construction of the metro bus project in Islamabad.

*Published in The Express Tribune, September 24<sup>th</sup>, 2014.*

## Five new polio cases surface in a day

By News Desk / Sameer Mandhro / Shezad Baloch

Published: September 24, 2014

QUETTA / KARACHI:

**Five new polio cases were confirmed in the country on Tuesday, raising the national count for 2014 to 171 as the top official of the World Health Organisation (WHO) remarked that Pakistan remains the ‘single most important stumbling block along the road to ending polio’ in the world.**

Of the five cases confirmed by the National Institute of Health laboratory, two are from the Federally Administered Tribal Areas (FATA) and one each from Balochistan, Khyber-Pakhtunkhwa and Karachi.

Of the FATA cases, 46-month-old Sadia, daughter of Syed Alam, a resident of Surdand Camp village, in the Bara tehsil of Khyber Agency was never administered polio drops. Similarly, the second affected child, nine-month-old Abdul Samad, son of Khair Zaman, resident of Khushali village in Razmak tehsil of North Waziristan Agency was also never vaccinated.

In K-P, the latest case is eight-month-old Muhammad Talha, son of Nisar, resident of Kot Azam village of Tank tehsil.

In Karachi, 24-month-old Hazrat Bilal, son of Khayal Mohammad, a resident of Union Council 2, Firdous Colony in Liaquatabad, was tested positive.

According to the provincial health department, Bilal was never vaccinated as his family is among those who refused polio drops. Fifteen polio cases have been confirmed in Sindh so far this year.

In Balochistan, a senior health expert confirmed that samples taken from 23-month-old Mohammed Ibrahim, of Kharotabad area of Quetta, have tested positive for polio on Tuesday. This is the fourth reported polio case for the province this year. “It is a chronic vaccine refusal case. The family refused to administer polio drops to their children,” a senior Health worker said.

Ibrahim's uncle is a cleric and heads an Islamic seminary in Kharotabad, a predominantly Afghan refugee settlement. "The family thinks polio drops are part of a Western campaign to control Muslim population," said an official of a private organisation working on polio in the area.

Meanwhile, the WHO director-general told an informal high-level meeting of the UN that Pakistan remains the "single most important stumbling block along the road to ending polio" in a world that is 80% free of polio.

"Right now, a massive polio outbreak is sweeping across the country. Worldwide, nearly nine out of every 10 children paralysed by polio live in Pakistan," Dr Margaret Chan said.

However, he pointed out that there were some successes. "Political and local leaders in Peshawar proved last spring that OPV campaigns can be run without a security incident. Local military commanders in Khyber Agency showed that all children could be reached and vaccinated in that area.

This past summer, hundreds of thousands of Waziris were vaccinated in transit posts. Pakistan actually showed that despite the challenges, their children can also be reached, through innovations and a sense of common purpose."

*Published in The Express Tribune, September 24<sup>th</sup>, 2014.*

## **Eid preparations: Cantt boards ban unregulated sale of animals**

By Muzaffar Mukhtar

Published: September 24, 2014

**RAWALPINDI: Cantonment boards in the garrison city have banned the sale of sacrificial animals at places other than the temporary livestock markets.**

The Rawalpindi Cantonment Board (RCB) and Chaklala Cantonment Board (CCB) issued directions on Tuesday that strict action would be taken against those who sell or buy animals at any place outside the designated markets.

According to officials, both boards' administration has imposed the ban in the streets and playgrounds.

RCB has set up a livestock market at Bhatta Chowk while CCB has established bakra mandis at 22 No Chongi, Lal Kurti and Tipu Road.

Officials at both the boards said cases would be registered against those who sell or purchase sacrificial animals at undesignated places and that the anti-encroachment department had been informed to fully implement their orders.

RCB Deputy Cantonment Executive Officer (CEO) Abdul Wahab told *The Express Tribune* that this is a normal practice every year on Eidul Azha to facilitate people. He said they had decided to establish a livestock market at Bhatta Chowk for buying and selling of sacrificial animals. The RCB will arrange an open bidding for the purpose to hire contractors on September 25, he informed, adding that the contractor will be given the responsibility to handle the affairs at the market. The contractors will also decide the prices in consultation with the cantonment authorities so no one can exploit the people, he said. "We have to ensure cleanliness in the city because human health is linked with it," Wahab remarked.

In addition to that, random selling points create traffic problems as well as issues of overpricing, he said.

He further said that in the livestock market, Rs300 fee for a cow and Rs200 for a goat will be charged on a daily basis.

Land and Revenue Branch officials of CCB told *The Express Tribune* that the markets had been established at three places including Laal Kurti Tariqabad slaughter house, Chungi No 22 and Tipu Road near Tanki stop. They said the board has constituted a team to monitor and ensure the implementation of its orders. The board also conducted open bidding on Tuesday and a contractor won the bid at a cost of Rs1.2 million, the officials informed. Last year, the winning bid garnered Rs500,000, they said.

Health officials of the twin cities fear a spread of the Crimean-Congo haemorrhagic fever (CCHF) from the abundant number of illegal livestock selling points. A total of 44 cases have been recorded in the country till September this year, with 28 deaths. A WHO official said the virus spreads from ticks and livestock, and needs to be controlled in light of Eidul Azha when a high number of people come in close contact with animals.

*Published in The Express Tribune, September 24<sup>th</sup>, 2014.*

## After much censure: HEC commission to meet on Friday

By Riazul Haq

Published: September 24, 2014

**ISLAMABAD: Galvanised into action after being reprimanded by the Senate Standing Committee on Education and Training, the Higher Education Commission (HEC) has called its governing body's meeting on September 26 (Friday).**

The Senate body, on Thursday, had questioned multiple delays in holding the HEC's commission meeting.

The governing board running the HEC consists of 18 members: two federal secretaries, four representatives of the provinces, an executive director, one vice chancellor and 10 nominees of the prime minister.

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Meetings of the HEC's commission or governing body are held to take policy decisions about higher education in the country. The 18-member commission is currently short of nine members.

The last time the HEC governing body met was in April 2013. It has since postponed three scheduled meetings, the latest of which was supposed to be held on April 7, 2014.

Since then, the higher education body has been criticised for not holding the meeting and appointing officers of grade 20 and above on deputation without approval of the commission.

The HEC executive director had told the Senate committee last week that unavailability of members was the reason behind the continuous delays.

The committee's chairperson Senator Abdul Nabi Bangash had directed the HEC to hold a meeting by October and send the minutes to the subcommittee.

Currently, there are nine members of the commission who fulfill the quorum to hold a meeting. The Senate body had also termed the delays a deliberate effort by the HEC to avoid the commission's oversight and continue taking decisions on its own.

Nominations for the remaining members of the commission have been already sent to the prime minister for approval while a request for the appointment of a vice chancellor to the body was forwarded last week.

HEC Chairperson Dr Mukhtar Ahmed said the meeting will discuss formation of a national testing service body following the order of the Lahore High Court earlier this year. The court had ordered HEC to establish a body of its own to conduct admissions and scholarship tests in the higher education sector.

"Apart from this, the establishment of provincial higher education commissions and HEC's role at the federal level are also on the discussion agenda," said the chairman. Ahmed said they would also approve the budget of the new fiscal year for varsities, adding the HEC has decided to hold the body's meeting on a monthly basis.

Sources at HEC said two meetings are scheduled to be held before Eid.

*Published in The Express Tribune, September 24<sup>th</sup>, 2014.*

## **Dinner dilemma: From roast chicken to roasting in a prison cell**

By Rizwan Shehzad

Published: September 24, 2014

**ISLAMABAD: Muhammad Ali and Haseeb Tariq have decided to leave Pakistan after spending two days in an Adiala Jail cell made for captured militants, all for a crime they never committed.**

They were detained on September 13 during a crackdown in Blue Area. Their only offence was eating dinner near Khyber Plaza at the time of the crackdown.

The victims – a software developer and a web developer– spoke openly about the terrible ordeal they had been through. From having roast chicken at a restaurant to tasteless prison food and using the toilet inside a jail cell – shared with eight other inmates — the experience was enough to make them wonder about leaving their homeland.

“The disheartening experiences have compelled me to leave Pakistan,” said Ali, still in disgust at the thought of the whitewashed walls and the ‘washroom’ — a knee-high boundary around a squat toilet with a nearby tap which also served as their only source of drink water. “How will my family learn I am here in this ‘special cell’ was the question I kept asking myself,” he said.

“One boy had just gone to buy medicine for his hospitalised mother and ended up with us. His ordeal made me cry,” Tariq said, adding that “he kept crying ‘God knows what happened to my mother’”.

While recalling the heart-wrenching experience, Tariq said that he wanted to leave the country because ‘if citizens in the capital were treated this way, what could be happening in other areas’.

Following their arrest by the Islamabad police, the two friends claimed that their cell phones — a Samsung S4 and an iPhone 4s — were snatched and they were taken to Kohsar Police Station in a prison van, where they spent the first night, along with 60 other people, under the open sky as the lockup was overloaded. “The police kept doing headcounts to confirm the number of people they had arrested,” they said.

On Sept 14, the police moved them to Adiala Jail and the number of prisoners reached 312, they said. They added that they were the first ones to get to the jail. After entering the jail, Ali said, they walked the length of a football pitch and through a small black gate, which was the entrance to a “fort-like building” that served as the ‘special jail.’ “We were told this section was especially built for Taliban prisoners,” said Ali.

They spent two days inside the cell before their families were able to bail them out at 4:30am on September 16.

“We just kept crying and throwing up,” said Ali. “What else one can do while sitting next to an overflowing toilet,” said Tariq.

“Whoever gave the orders to arrest people is responsible for everything,” they said, adding that their families kept crying till their release, and “no one can compensate the pain all of us went through.” They also made it clear that they were not affiliated with any political party.

Ali was lucky as he got his cell phone back after going through the turbulent practice of visiting police stations and offices. Tariq, however has still not been able to get his phone back. “The roast chicken ended up being having a higher price than I had imagined,” concluded Tariq.

**How did we get here?**

Kohsar Police Station House Officer Abdul Sattar Shah said that the police were simply following orders. He added that fault would lie with whoever gave such orders. "No one would believe, but the truth of the matter is that I spent almost Rs7,000 from my own pocket arranging food for people arrested during the crackdown," he said.

Adiala Jail Superintendent Malik Mushtaq could not be reached for his comment. A telephone operator at Adiala Jail said that the superintendent would not be available for comment till the following day.

*Published in The Express Tribune, September 24<sup>th</sup>, 2014.*

## **‘Business’ studies: College wants rented-out property returned**

By Our Correspondent

Published: September 24, 2014

ISLAMABAD:

**The administration of the Islamabad Model Postgraduate College, H-9 has told a contractor who had rented 16 shops inside the college building to vacate them at the earliest.**

The shops, situated in the sports ground building of the college, were rented out to a private party in 2012 by then Federal Directorate of Education (FDE) Director General Atif Kayani at nominal rates.

Rented out with the consent of the college administration, the shops have been a long-standing issue between the college and the tenant.

Sources say the college principal was not taken into confidence about the deal and shops were rented out for Rs5,000 a month each. Besides, a tenancy agreement was also signed between the FDE and the tenant.

Right after the removal of Kayani as the FDE head, a committee was formed comprising senior professors of the college to legalise the process but no progress has been made ever since.

A delegation of Federal Government Colleges Teachers Association (FGTCA) met Capital Administration and Development Division (CADD) State Minister Usman Ibrahim in July this year to get the building vacated. They say the minister agreed to their demand.

At a meeting with FGCTA last week, the minister and CADD additional secretary authorised the college principal to take action against the contractor.

The college administration claims the tenant has violated the agreement several times by carrying out construction work at the shops.



FGCTA President Sagheer Meerani told *The Express Tribune* that the Capital Development Authority (CDA) has also termed the commercial activity in the college building illegal.

Apart from the 16 shops, the college is also trying to take back a college hostel which is occupied by the Pakistan Baitul Maal since 2001.

A CADD official said the minister has directed to address the issue at the earliest. “We are also looking for an alternate to the hostel which is in use of Pakistan Baitul Maal,” said the official.

*Published in The Express Tribune, September 24<sup>th</sup>, 2014.*

# OPEN MARKET FOREX RATES

Updated at: 24/9/2014 7:05 AM (PST)

Currency	Buying	Selling
Australian Dollar	91	91.25
Bahrain Dinar	271	271.25
Canadian Dollar	92.5	92.75
China Yuan	16.5	16.65
Danish Krone	17.55	17.7
Euro	131.5	131.75
Hong Kong Dollar	13.1	13.2
Indian Rupee	1.65	1.67
Japanese Yen	0.972	1
Kuwaiti Dinar	357.3	357.55
Malaysian Ringgit	31.3	31.55
NewZealand \$	83.1	83.35
Norwegians Krone	16	16.15
Omani Riyal	265.75	266
Qatari Riyal	27.85	28.1
Saudi Riyal	27.25	27.5
Singapore Dollar	80.3	80.55
Swedish Korona	14.15	14.3
Swiss Franc	109	109.25
Thai Bhat	3.16	3.18
U.A.E Dirham	27.85	28.1
UK Pound Sterling	167.55	167.8
US Dollar	102.6	102.85





# INTER BANK RATES

Updated at: 24/9/2014 7:05 AM (PST)

Currency	Bank Buying TT Clean	Bank Selling TT & OD
Australian Dollar	91.13	91.31
Canadian Dollar	92.76	92.94
Danish Krone	17.68	17.71
Euro	131.58	131.84
Hong Kong Dollar	13.21	13.24
Japanese Yen	0.9412	0.9431
Saudi Riyal	27.3	27.36
Singapore Dollar	80.79	80.95
Swedish Korona	14.32	14.35
Swiss Franc	109.01	109.22
U.A.E Dirham	27.88	27.93
UK Pound Sterling	167.77	168.09
US Dollar	102.4	102.6

# Bullion Rates (Gold Prices) in Pakistan Rupee (PKR)

As on Wed, Sep 24 2014, 04:00 GMT

Metal	Symbol	PKR for 10 Gm	PKR for 1 Tola	PKR for 1 Ounce	
Gold 24K	XAU	40,386	47,057	125,618	
Palladium	XPD	26,990	31,448	83,950	
Platinum	XPT	44,113	51,399	137,210	
Silver	XAG	587	684	1,825	

## Gold Rates in other Major Currencies

Currency	Symbol	10 Gm	1 Tola	1 Ounce	
 Australian Dollar	AUD	444	517	1,380	
 Canadian Dollar	CAD	435	507	1,354	
 Euro	EUR	306	356	951	
 Japanese Yen	JPY	42,696	49,748	132,801	
 U.A.E Dirham	AED	1,444	1,683	4,492	
 UK Pound Sterling	GBP	240	279	745	
 US Dollar	USD	393	458	1,223	

\* These rates are taken from International Market so there may be some fluctuation from Local Market.